Motors Holden's Ltd. in December 1948.

The fourth addition to the ranks of GM manufacturers abroad was General Motors SA, which had been assembling imported vehicles in Brazil since 1925. It gradually added manufacturing capabilities until 1959 when, with a new foundry and engine plant, it began full manufacture of Chevrolet commercial vehicles.

Today GM has manufacturing, assembly, distribution or warehousing operations in 35 countries outside the U.S. and Canada. Countries in which GM subsidiaries have manufacturing and/or assembly plants include Australia, Austria, Belgium, Brazil, Chile, France, Germany, Greece, Ireland, Luxembourg, Mexico, the Netherlands, New Zealand, Portugal, Singapore, South Africa, Spain, the United Kingdom, Uruguay, Venezuela and Zaire. Subsidiaries in Denmark, Finland, Italy, Norway, Sweden and Switzerland import GM products. GM also has joint venture arrangements in Colombia, Iran, Japan, Kenya, Korea, Mexico, the Philippines, Spain, Taiwan, Venezuela and Yugoslavia for the manufacture of components and vehicles.

Until 1978 General Motors Overseas Operations was a separate division within the GM organization. The division and the subsidiary companies reporting to GMOO had the responsibility for designing, engineering, manufacturing, selling and servicing GM automotive products outside the U.S. and Mexico.

A situation similar to the one faced in the 1920s confronted GM as the world automotive market once again underwent major changes in the 1970s. A General Motors Overseas Group was formed and the staff functions of the former GMOO were integrated in September, 1978 into those of the U.S. operations to effect closer management coordination between North American and overseas operations.

At the dedication of a GM assembly plant near Lisbon in September, 1963, members of the Portuguese government and local dignitaries are received by GM president John Gordon, fourth from left in front, and other company officials.

This new relationship between the staff functions concerned the design, engineering, sales and servicing of cars and trucks. It is achieving a greater efficiency and has enabled GM to move into the '80s with a new outlook on the world automotive market.

Today Opel coordinates European passenger car design and manufacturing with support from Vauxhall, General Motors Continental in Belgium and the new General Motors Espana in Spain. Bedford, the commercial vehicle company established within Vauxhall in 1931, is part of GM's World Truck and Bus Group.

The days of U.S. vehicle assembly in Europe are long past. Today the designs of Opel dominate. In the commercial vehicle field even the influence of the Japanese is being felt because Bedford will produce light vans designed by Isuzu Motors Ltd., in which GM has a 34.2-percent interest.

Small national plants have by and large gone. The breakdown in import tariffs and spread of European cooperation in the postwar years rendered them less desirable and uneconomic

General Motors Suisse SA began assembly in 1936 at Bienne. It ceased in 1975 in the aftermath of the first oil crisis. A year earlier the Danish operation in Copenhagen closed. It had been GM's first European venture (1923), exporting to Baltic countries and Soviet Russia in the 1930s.

Indeed, during the 1930s the Danish operation had a subassembly plant in the Polish capital of Warsaw. It ceased operation in 1938.

GM Continental has survived as almost a satellite plant to Opel's German factories. The Berlin factory was taken after the war — wash room fittings, window frames and all and reassembled in the Urals.

The last remaining "old-style" GM operation is at Lisbon, Portugal, where GM de Portugal Ltd. employs around 1,100 people and assembles Bedford light trucks and Opel cars, mainly for the Portuguese market. The future of the plant is in doubt due to Portugal's expected membership in the European Community within two years.

Auto companies think less in national than in continental terms these days. Europe is considered as one market, by and large, and to meet market demands there requires huge factories turning out huge volumes of vehicles. GM Espana's Zaragoza factory is an example. Its annual output of 270,000 units of just one model is sent to all European national markets.

GM is the world's largest manufacturer of automotive components, and its European presence as a parts producer is strong, supplying not only Opel, Vauxhall and Bedford, but also other auto makers. GM component plants in Europe employ around 20,000 people. Each plant is affiliated with a GM component division based in the U.S. Most recent additions are at Vienna, Austria (engines and transmissions); Cadiz and La Rioja, Spain, and Portugal's Ponte de Sol and Linho-Sintra. They were part of the Spanish Scar (Corsa) project unveiled in 1982.

GM also operates 17 other plants in Europe: Gennevilliers, Donchery, Sarreguemines and Strasbourg in France; Hendon, Dunstable, Southampton and Liverpool, England; near Dublin, Ireland; Dundonald and Belfast, Northern Ireland; Carnaxide in Portugal; and five Kabelwerke Reinshagen plants in the Federal Republic of Germany. GM is also a 40 percent partner in Industrija Delova Automobilia (located in Kikinda, Yugoslavia) which produces iron castings and automotive components. □

Europe's obscure Continental

A hidden gem sparkles in Antwerp

General Motors Continental may be the corporation's most overlooked asset in Europe. Its anonymity is hidden in the fact that its products carry the names of Opel and Vauxhall, although the connection is indirect.

GM Continental was established before either Adam Opel AG or Vauxhall Motors Ltd. were acquired by GM. It was established in the Belgian port of Antwerp in 1924, a year before Vauxhall and five years before Opel joined the GM fold.

Today it is a more significant producer than Vauxhall, though it does not match the volumes of Opel, with a capacity of 400,000. However, Continental theoretically could turn out more cars than the GM plant which has been the subject of so much attention in Europe recently, the Corsa factory in Spain.

GM Continental had odd beginnings. It began assembling U.S. products in a deconsecrated 16th century abbey in 1924. Volume was around 1,800 annually and employment was 500. It was clear that the facilities were inadequate, and in 1926 production was transferred to another Antwerp location, the former velodrome or cycle racing track.

By the following year output was up to 7,500 units, not just for the domestic market. Antwerp-made U.S. models found their way to other parts of Europe and the Middle East.

Continuing strong demand, and the awkwardness of transporting components and cars to and from the velodrome and dock, prompted GM Continental to seek its third home within five years; completion of new sea locks was a factor which led GM to its Albert Dock location in 1929.

GM Continental production in 1929 was 24,000 cars, and employment was 2,200. While GM survived the Wall Street crash, the echoes were felt around the world. The depression which followed saw GM Continental's output reduced to 15,000 and employment cut by half.

Production and employment gradually picked up during the 1930s. But Europe was rushing towards catastrophe, and by 1940 German troops occupied Antwerp. Under German supervision the plant was commandeered to repair army vehicles. But by September of that year Allied bombers were hitting GM Continental. It culminated in total destruction in 1943.

After liberation by the Canadian army in 1944, it was obvious that the dock site could not be used for production. Instead, GM returned to the old velodrome, and in 1946 more than 2,000 vehicles were delivered.

By May, 1950 the 50,000th postwar vehicle was produced at the velodrome. More importantly, a site for a modern, larger assembly plant was chosen. It was to be in northern Antwerp, close to the harbor docks. The first vehicle off the line, in August, 1953 was a Chevrolet truck. The plant covered an area of 43.8 acres on a 62.5 acre site. It had five miles of assembly lines. Even so, it was soon obvious that another factory would be required.

It all started at this 16th century former abbey in Belgium in 1924.

The figures show solid volume growth. In 1954, the first full year of production at the new factory, output was 30,500. By 1966, the year before the second factory was opened, it was 62,400.

Completion of Plant 2, began in 1965 and completed two years later, provided GM Continental with substantial volume increases. Whereas the original plant had a capacity of 45 cars a day, Plant 2's output was 75 a day.

Plant 2 covered 325 acres, 55 of which were floor area. The assembly line length stretched to 16.25 miles. It is located six miles to the north of Plant 1, and today employs some 7,000 people. Plant 2's payroll stands at 5,000.

Plant 2 was soon producing more than 200,000 units annually (in 1971), but the 1974-75 European sales de-

GM Continental Managing Directors

W. T. Whalen	Dec. 1924 - Jan. 1927
E. C. Riley	Jan. 1927 - Dec. 1930
G. M. Vansittart	Dec. 1930 - March 1937
E. W. Zdunek	March 1937 -
A. Onghena/Th. A. Ballizany	Sept. 1944 - Oct. 1945
W. T. Lutz	Oct. 1945 - July 1954
P. W. Copelin	July 1954 - June 1955
L. W. F. Bailey	June 1955 - Nov. 1960
J. M. Lawrence	Dec. 1960 - May 1965
Barton Brown	June 1965 - Oct. 1968
J. P. McCormack	Nov. 1968 - Dec. 1969
W. R. Price	Jan. 1970 - Aug. 1971
G. W. Wolf Jr.	Sept. 1971 - Sept. 1974
G. Y. Genn	Oct. 1974 - March 1976
K. E. Deardorff	April 1976 - Aug. 1980
J. T. Battenberg III	Sept. 1980 - Mar. 1983
H. Huskes	April 1983 -

cline caused volume to slide. As demand picked up in the second half of the 1970s, though, total GM Continental output surged. It exceeded 300,000 for the first time in 1976, and has topped that each year since. Last year, when GM Continental's five millionth vehicle was produced, the output stood at 355,600.

A $195 million investment during 1980-81 brought modernization and a new paint shop in Plant 1 and automated body assembly, fuel tank assembly and engine dress-up in Plant 2. An additional $88 million program will be completed in 1984. It includes building separate rustproofing facilities, installation of more highly automated assembly equipment and implementation of modular assembly technology applied to car interiors.

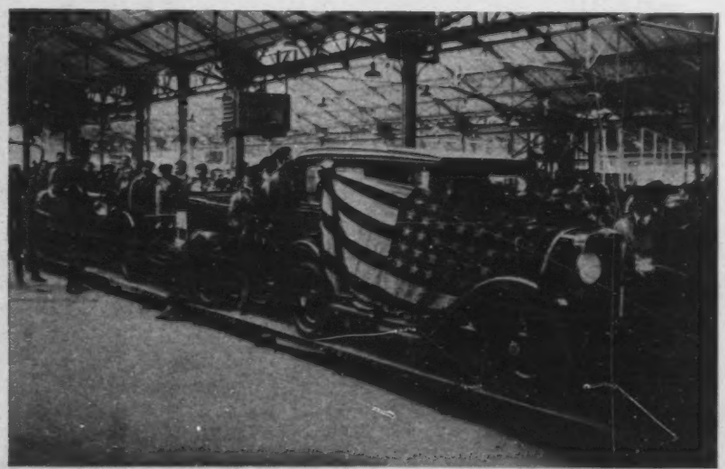
GM Continental production

1924-1940	178,072
1946	2,139
1947	12,469
1948	16,442
1949	13,647
1950	12,788
1951	14,630
1952	17,084
1953	17,020
1954	30,509
1955	35,624
1956	48,826
1957	43,520
1958	43,029
1959	42,879
1960	45,271
1961	44,596
1962	42,817
1963	44,571
1964	56,154
1965	60,697
1966	62,408
1967*	95,699
1968	172,206
1969	194,007
1970	216,291
1971	280,203
1972	281,942
1973	305,094
1974	194,803
1975	214,169
1976	317,390
1977	331,314
1978	333,742
1979	349,854
1980	304,854
1981	307,415
1982	355,582

*Opening of Plant 2.

Ninety-five percent of the company's output — Asconas, Mantas and Vauxhall Cavaliers in Plant 1 and Kadett and Asconas in Plant 2—are exported. □

The cushion assembly department workers line up to attend an open house event at the new Albert Dock factory in 1929.



The first car, decked in an American flag, leaves the new Albert Dock assembly line in 1929.

GM's first overseas car maker

The U.S. company wanted Austin, got Vauxhall

Vauxhall Motors, Ltd., a small concern in Luton, England, became General Motors' first overseas manufacturing acquisition on December 31, 1925.

What GM really wanted at the time was to buy Herbert Austin's Austin Motor Co., Ltd. By United Kingdom standards Austin was a substantial producer, building 12,000 cars a year. More importantly, Austin was in the high-volume part of the market, in competition with Morris, Ford, Hillman and Standard.

In contrast Vauxhall was producing 1,500 cars a year, and selling nothing for less than 500 pounds, triple the going rate for a popular car.

Austin rejected GM's overtures, however, and the American company turned to Vauxhall in 1925, after GM had established its own assembly operations in Belgium and four years before GM turned its attention to Europe's leading industrial producer, Germany, where it acquired Adam Opel in 1929.

GM's European expansion plans were nearly launched much earlier. Alfred P. Sloan, in his book "My Years with General Motors," writes of the several weeks in the middle of 1919 when GM agonized over whether to buy the Citroen auto company of France. It didn't, and to this day GM's manufacturing presence in France is restricted to component plants.

What GM acquired in Vauxhall was a company whose products stood among the best in Europe. Wealthy motoring enthusiasts drooled over Vauxhall's Prince Henry and 30/98 models in the same way they did Rolls-Royces, Sunbeams and Bentleys.

GM was to change things, though it took five years for the results to become apparent. Vauxhall began 1930 by producing only one model, the T-type Silent 80 costing up to 750 pounds. When the year ended its price was below 300 pounds.

Production at the Luton factory 35 miles northwest of London averaged less than 1,600 annually during the first five years of GM ownership. With arrival of the Cadet, average output for the next five years shot to more than 7,400, and in the five years up to the start of the Second World War (1939) the average was 27,400.

If Cadet was a sharply priced winner, its successor was even more so. The Light Six, launched in 1933, cost as little as 195 pounds. By the end of that year the Big Six priced at 325 pounds, was introduced.

Vauxhall Motors was growing rapidly. At the end of the 1920s it employed a labor force of 1,500 and occupied 12 acres. By the mid-1930s there were 6,000 workers and annual sales topped 7 million pounds. Vauxhall was firmly part of Britain's Big Six auto makers, along with Austin, Morris Garages, Ford Motor Co., Rootes and Standard.

GM had bought Vauxhall for 2.5 million pounds and completely altered the English company's business philosophy. Part of the radical change in direction involved establishing a commercial vehicle line under the Bedford name.

Vauxhall's first trucks were locally assembled Chevrolets. In 1931 the first Bedfords began to appear, and for the rest of the decade annual production did not drop below 10,500 and averaged 20,300.

The move into commercial vehicle production epitomized Vauxhall's complete change in direction. During World War I the company had made small numbers of expensive cars for use by military staff officers. In World War II Vauxhall produced 250,000 trucks, 5,000 Churchill tanks, other armaments and 5 million jerry cans.

In 1938 Vauxhall created a first for a British car maker. Its 10-horsepower H-series adopted chassis-less unitized construction that since has become commonplace in automobiles. The system, however, had already been used by Adam Opel in Germany, a later recruit to the GM fold.

Some 10,000 of the 10s were sold in five months, a handsome return on a one million pounds investment. A larger, 12-horsepower model was added later, and but for the war clouds gathering in Europe, Vauxhall probably would have overtaken Standard in popularity.

The decision to go to unitized construction may have had its drawbacks at the time, such as a greater possibility of rusting and an inflexibility of body choice. But when car production resumed after the war, the atmosphere of economic hardship left Vauxhall with a small, rationalized range.

• The pre-war models were ideal launching pads for rebuilding the company. Emphasis was on export, and the UK market was starved of cars in order to earn vital foreign exchange.

It was not until 1948 that the L-type Wyvern and Velox replaced the pre-war cars. They carried on until the early 1950s, but filled the gap until the more modern shapes, inspired by Detroit, began to appear.

Luton continued producing cars and trucks, and as demand grew so did the requirement for more manufacturing space. A major expansion program began in 1948 at a cost of 14 million pounds. Two years later the new 19.5 acre building was in use, but even

What exactly is a Vauxhall?

Adam Opel's family name is reflected in the name of the German auto company he founded. But Vauxhall's origins began with a gentleman called Alexander Wilson.

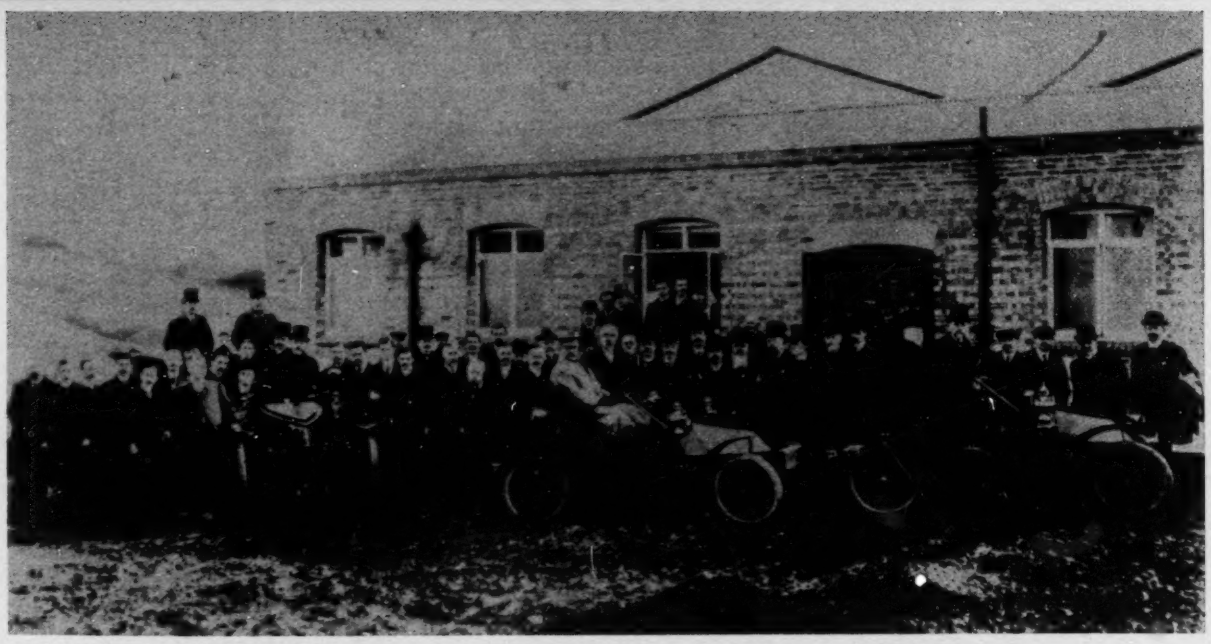
Wilson's 19th century iron works was in a suburb of London known as Vauxhall. The name derives from a seedy Plantagenet mercenary soldier of humble birth known as Fulk le Breant.

After achieving a few dirty deeds for King John (1166-1216), the ambitious le Breant was made sheriff of Oxford and Hertford, and granted the manor of Luton. Through marriage he acquired a house and grounds south of the River Thames. It became known as Fulk's Hall and, by corruption over many generations, Vauxhall.

It was Fulk le Breant's griffin emblem — half eagle, half lion — that Alexander Wilson adopted for his iron works badge.

It was pure coincidence that the Vauxhall company's move from the Vauxhall area to Luton in 1905 should have been to a place that had 13th century associations with Fulk le Breant.

Le Breant met a sad end. Following the death of King "Magna Carta" John, the unpopular le Breant returned to his native Normandy where he died a pauper.



In 1905 Vauxhall Motors moved from London to its new home in Luton (photos above).

this would shortly prove inadequate to keep pace with demand.

E-types replaced the L-types in 1951, using the same names and later adding a Cresta model. The shape, a miniature version of an American car rather than distinctly European, was produced until 1957; by then 342,000 had been sold.

The year 1953 was an historic one for the company. To celebrate its golden jubilee, Vauxhall output topped 100,000 for the first time and the company produced its one millionth vehicle. By 1953 Luton covered 80 acres and employed more than 13,000.

That year also marked the retirement of Sir Charles Bartlett, managing director of Vauxhall since September, 1930. Bartlett joined GM in London in 1921. He was transferred later to Luton to look after the company's new acquisition, and became managing director in 1930. The company he joined had had a payroll of 2,700 and made 8,000 vehicles a year.

During Bartlett's reign there were no labor "strikes" for 20 years. There were, however, "pauses for consultation." Bartlett was knighted in 1944 for Vauxhall's war efforts.

In 1954 Vauxhall embarked on a further expansion program, to build a new production center for cars and transfer Bedford truck production to a separate plant at nearby Dunstable. Its cost was 36 million pounds.

Five years later Vauxhall's two millionth vehicle was produced, and the Ellesmere Port project was announced. Ellesmere Port, part of a government promotion to persuade the motor vehicle industry to relocate into economically weak areas, began production in 1963. The same trend saw Ford moving to Halewood (also in Merseyside) and Rootes moving to Linwood, near Glasgow.

Throughout the 1960s, as Britain's economy grew, demand for cars and commercial vehicles was buoyant. Vauxhall was a consistently positive contributor to GM's overall balance sheet during the period.

By 1963 Vauxhall's total labor force was more than 30,000, annual output was nearly a quarter million vehicles, sales amounted to 148 million pounds.

The year 1963 also marked a return by Vauxhall to the small car, which it had abandoned with the demise in the late 1940s of the 10-horsepower H-type. The new car was the boxy little Viva, which was to become Vauxhall's first million seller. One historian recalls that it occasionally topped the best seller lists, but only when there had been a strike elsewhere in the motor vehicle industry.

Vauxhall engineers and designers at the time were keeping pace with technical and styling developments rather than innovating. There was nothing to compare with the BMC Mini or the innovative Triumph Herald with fully independent suspension and fine Italian styling. Vauxhall products continued to ape the conservative engineering and flamboyant styling of the parent corporation's U.S. models during the 1960s and early '70s.

That was a period, following Britain's admission to the Common Market, which saw a rise of the European and Japanese cars in popularity. It was a time when Britain's and Vauxhall's competitiveness was being tested. Like much of British industry, Vauxhall was not producing cars efficiently and with sufficient quality. It was fighting a rearguard action as a result of rust and paint problems. In the 1970s Vauxhall was losing sales and money.

● The company's third change of direction, after being a luxury car builder and then a mass producer of miniature American cars, came in 1975.

In quick succession two of its models became Vauxhall versions of Opel designs: The Chevette, adapted from the Opel Kadett, and the Cavalier, adapted from the Opel Ascona. Within a few years the whole Vauxhall line was similarly transformed, Vauxhall cars ceased to be exported in meaningful numbers and the company became an importer of Belgian- and German-made Vauxhalls.

Financial losses continued, but a vast improvement in market share in the UK, following the complete integration of Vauxhall and Opel dealer and product lines, began to provide the company with an air of success that had been absent for many years.

Today, although Vauxhall remains a separate company, it gets its product lines from Adam Opel. Between them, the goal is to lift GM's share of the Western European car market to the levels achieved by major rivals Ford, Renault, Peugeot, Fiat and Volkswagen. □

Vauxhall Motors Ltd. production as a GM subsidiary

Year	Vauxhall	Bedford	Total
1925	1,398	—	1,398
1926	1,527	—	1,527
1927	751	—	751
1928	2,560	—	2,560
1929	1,668	—	1,668
1930	1,277	7,120*	8,397
1931	3,492	11,487	14,979
1932	2,136	10,529	12,665
1933	9,949	15,173	25,122
1934	20,227	17,823	38,050
1935	22,118	23,741	45,859
1936	17.640	26,210	43,850
1937	30,616	31,783	62,399
1938	32,224	27,474	59,698
1939	34,367	18,185	52,552
1940	18,543	54,696	73,239
1941	—	39,873	39,873
1942	—	46,761	46,761
1943	—	48,648	48,648
1944	—	34,124	34,124
1945	—	38,773	38,773
1946	19,713	33,809	53,522
1947	30,376	31,077	61,453
1948	38,062	35,522	73,584
1949	44,999	38,144	83,143
1950	47,692	40,783	88,475
1951	35,219	43,382	78,601
1952	35,127	42,969	78,096
1953	61,260	48,445	109,705
1954	72,129	57,556	129,685
1955	75,634	67,933	143,567
1956	64,453	63,226	127,679
1957	91,444	58,783	150,227
1958	119,177	55,439	174,616
1959	157,365	88,720	246,085
1960	145,742	106,284	252,026
1961	85,370	94,595	179,965
1962	144,144	76,661	220,805
1963	164,987	84,798	249,785
1964	247,782	106,672	354,454
1965	227,344	113,825	341,169
1966	172,177	101,898	274,075
1967	196,882	89,296	286,178
1968	247,034	97,925	344,959
1969	169,456	101,821	271,277
1970	178,089	101,660	279,749
1971	199,092	126,394	325,486
1972	183,957	91,053	275,010
1973	139,812	107,257	247,069
1974	136,903	112,151	249,054
1975	103,310	91,311	194,621
1976**	142,591	86,390	228,981
1977	143,938	91,747	235,685
1978	144,579	117,443	262,022
1979	142,582	87,650	230,232
1980	111,980	95,283	207,263
1981	117,266	50,027	167,293
1982	194,847	52,622	247,469

*Chevrolet trucks; first Bedfords built in 1931.

**From 1976 totals include Vauxhall cars produced at other GM European assembly plants.

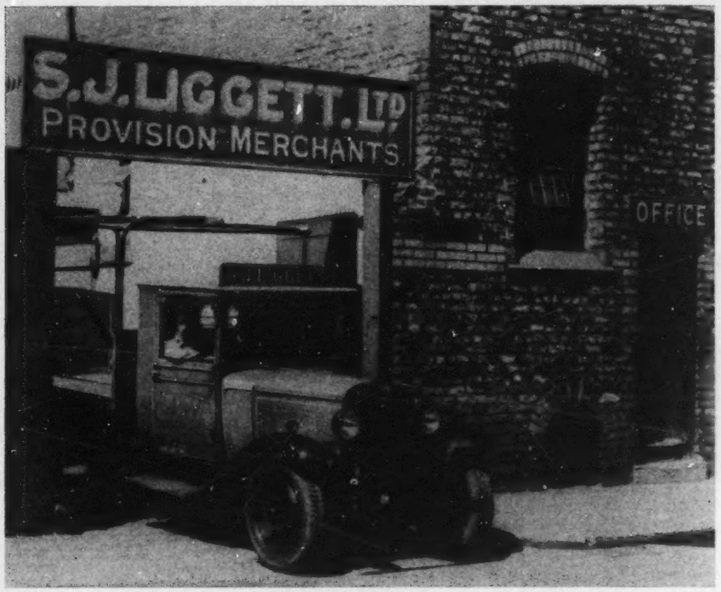
SMMT production statistics indicate the following for domestic output only:

Year	Vauxhall	Bedford	Total
1976	109,118	86,389	195,486
1977	93,236	91,728	184,964
1978	84,032	117,468	201,500
1979	58,760	87,672	146,432
1980	55,016	96,408	151,424
1981	69,932	48,311	118,243
1982	112,669	51,733	164,402

Vauxhall Motors Ltd. Managing Directors

Leslie Walton*	May 1914 - April 1929
Percy Kidner*	May 1914 - Dec. 1928
Ronald K. Evans	April 1929 - Sept. 1930
Charles J. Bartlett	Sept. 1930 - June 1953
Walter E. Hill	June 1953 - June 1955
Philip W. Copelin	July 1955 - March 1961
William Swallow	April 1961 - Dec. 1965
David L. Hegland	Jan. 1966 - Oct. 1970
Alexander D. Rhea	Oct. 1970 - April 1974
Walter R. Price	April 1974 - Aug. 1979
Ferdinand P. J. Beickler	Aug. 1979 - Feb. 1982
John M. Fleming	Feb. 1982 -

*Joint managing directors.



One of the first Bedfords ever sold was this example of the original two-ton truck bought by a firm of provision merchants in the north of England in 1931. Bedford in the 1930s set the pattern for virtually all medium trucks in Britain for the next 20 years.

'You see them everywhere'

Bedfords were omnipresent in the 1930s

Creation of the Bedford commercial vehicle business was a key part of the acquisition of Vauxhall Motors Ltd., by General Motors in 1925. The first products were locally assembled Chevrolets, which gave way in 1931 to the first true Bedford trucks. Within a very short time Bedfords were appearing in export markets throughout the world.

The first Bedford was a two-tonner with six-cylinder gasoline engine. It featured a four-speed crash gearbox which gave a distinctive sound to Bedford trucks. A factory-built dropside truck could be bought in 1931 for 240 pounds. A 14-seater coach cost 250 pounds.

During the early 1930s the line was expanded to include lighter and heavier models. Vans also were added, based on car chassis.

As early as 1932 Bedford annual sales topped 12,000. The company accounted for over half of all British commercial vehicle exports, with orders from Japan, China, Iceland, Borneo and Russia. The following year sales reached 16,000, and the dispatch of complete-knocked-down kits became a major operation at Luton.

The 1933 Bedford three-tonner set the pattern for virtually all medium-sized vehicles in Britain for the next 20 years, taking Bedford well into the 1950s with few major changes. It had a semi-forward control layout, allowing a longer body to be used on the similar wheelbase.

In 1934 a new advertising slogan was created — "You see them everywhere." It was true, and Bedford archives abound with photographs of products from the 1930s to the present in unusual settings.

World War II saw Luton converted to military output. More than 250,000 Bedford trucks, including the flat-fronted WD and forward-control QL, saw service in all theaters of the conflict.

The company also turned out more than 5,600 Churchill tanks. Secretly Vauxhall carried out 95 percent of the work on the first jet aircraft engines ever built in Britain.

Toward the end of the war Luton once again started making the 1939-designed K, M and O models. In 1947 the half millionth Bedford was driven off the line. Within 11 years the millionth was produced.

The 1950s were years of expansion. The seven-ton S-type, Bedford's first civilian forward control, was launched in 1950, followed two years later by the CA van, the first non-car-derived van from any British manufacturer. In 1957 Bedford's first diesel engines were introduced.

In 1958, the same year its millionth truck was produced, Bedford's TJ bonnetted truck was introduced. It is still in production, mainly for Third World markets.

In 1955 truck production was transferred from Luton to Dunstable, an extension to the existing parts and accessories complex, located there. A total of nearly 65,000 Bedfords was made, more in one year than any other British make.

The 1960s was a decade of model innovation, not least of which was the arrival in 1960 of the TK. This model featured the engine behind the driver, but within the cab. The company says it was "probably the biggest advance ever made in forward-control trucks." Over 500,000 TKs were built, a record total for a British truck model.

At the end of the decade (1969) the CF panel van replaced the CA. The same year the two-millionth Bedford was produced, three-fourths of them trucks. Almost half of the 1.5 million trucks went overseas to 120 countries.

The 1970s saw Bedford extending its weight limits to 44 tons (in the TM range, introduced in 1974). At the other end of the scale a half-ton payload Chevanne went to the market in 1976.

The current decade sees Bedford drawn more closely into GM's World Truck and Bus Group, along with U. S. and Japanese (Isuzu) interests. GM stresses that Bedford will play a key role in the group. As part of that closer link, the truck-making side of Vauxhall has, for the first time, been separated from car making and given its own managing director. □

Opel: Grand old German survivor

From sewing machines to motoring machines

If General Motors bought one of the United Kingdom's smaller auto makers in Vauxhall Motors, Ltd., in 1925, its decision to acquire Adam Opel AG in Germany in 1929 provided it with one of Europe's largest companies.

In 1928 Opelwerke had 8,000 employes, produced a record 42,800 cars and had no serious mass production rival in its homeland. The 1920s, however, were troubled times for Germany. In the early part of the decade production limped along, there was civil unrest in the chaos of a post-war environment and the country's manufacturers were coming under intense competition from imports, specifically from the U. S.

As a result, of 65 German producers in 1924 only 24 survived over the next four years. One of the few successes was Opel which in 1924 had installed the first mass production lines in the country.

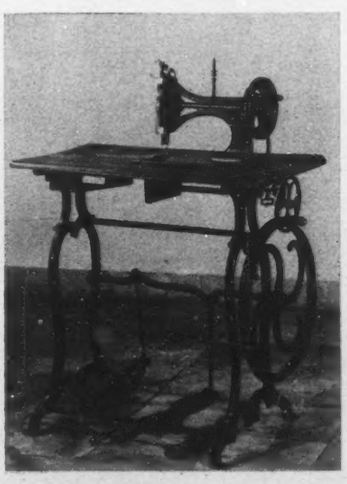
The realization of the shift of power in the auto industry to the U. S. — underlined by enormous export gains by the country's makers — and the desire by the founding Opel family to enjoy the fruits of their 65 years of labor prompted the sale.

Opel had been founded in 1962 by Adam Opel. The company's early strengths lay in sewing machine manufacture and bicycles. Indeed, Adam never lived to see a car bearing his name, and actually thought that bicycles would be a short-lived craze. He died in 1895 following a typhus illness. The company passed to his widow, Sophie, and subsequently to their five sons — Carl, Fritz, Heinrich, Ludwig and Wilhelm. As successful bicycle racers the five brothers made the Opel brand so popular with their 560 victories that their company became the largest bicycle maker in the world.

Like many other manufacturing companies in those days, Opel became captivated by the automobile.

Opel's first car was produced in 1898, based on the Lutzmann. After a fire in 1911 razed the Russelsheim factory, sewing machine manufacture ceased, with more than one million having been produced.

Annual auto production hovered around the 1,000 mark, reaching as many as 3,500 during one year (1914). The decision to install American-inspired production lines at Russelsheim lifted potential enormously and, as it turned out, coincided with increasing stability in the German economy.



The first sewing machine made by Adam Opel in 1862.

Opel's 1924 model was 4/12 Laubfrosh (Tree Frog), a design which owed so much to one of Andre Citroen's models that the French company (unsuccessfully) sued Opel for breach of copyright.

The plan was to build 25 cars a day, twice that of the previous high. But demand for the series was such that before long production was tripled, to the point where in 1938 Opel employed 8,000 people and turned out 42,800 cars.

This, then, was the company acquired by GM. Opel had opened negotiations after GM had acquired Vauxhall, but at the time GM was still establishing its overseas policy. It already had assembly operations in Berlin, and was considering production of a small Chevrolet there. The decision was whether to go it alone or to expand in Europe through acquisition of Opel. Another school of thought proposed expansion through Vauxhall in the UK.

Top GM officials visited Europe in 1928. They inspected the corporation's establishments and visited Opel in Germany. They were obviously impressed. Opel's production lines were new and well chosen, the operation was sound and a good supply of first class labor was available.

Alfred P. Sloan Jr. later wrote that the visit prompted him to negotiate an option on Opel, to expire at the beginning of April, 1929. It was eventually exercised, and in 1929 GM acquired 80 percent of the company for $26 million. It later (1931) bought the remaining shares for an additional $7.4 million.

When Sloan met Opel dealers he told them of ambitious plans to boost production and sales. They were incredulous. Sloan wrote, "I anticipated Opel production might one day run as high as 150,000 vehicles a year. When the statement was translated into German it was received with a good deal of derision. I was viewed as another impractical, visionary American."

GM installed Irving J. Reuter as managing director of Opel. Fritz von Opel — the aristocratic "von" was conferred by the Grand Duke of Hesse — remained as president.

Reuter, previously general manager of Oldsmobile, was reluctant to move to Germany. But GM needed strong control there. As Sloan recalled, "Though Opel was a well run company, it was not without management problems, especially at the top policy level."

The company's dealers were another problem. Opel had never tackled the issue of spare parts, and many dealers had invested in elaborate machine shops of their own in which spare parts could be manufactured. "That did not make sense to an American producer used to a system of mass production based on interchangeable parts, and we set out to correct this," wrote Sloan.

Under GM leadership Opel did indeed build up exports during the difficult 1930s, especially following the introduction in 1935 of the unitized construction Olympia sedan. By 1937 Opel was the leading producer in Europe with annual production of more than 130,000. So valuable was production space that in that year the bicycle business was sold to the German company NSU. At the time Opel was the largest cycle manufacturer in the world.

At the same time Opel also moved

Adam Opel's sons, left to right, Ludwig, Fritz, Heinrich, Wilhelm and Carl unveiled the company's first five-seat bicycle around the turn of the century.

light-truck production to the Brandenburg (Berlin) plant, freeing more space at Russelsheim for car production.

Opel led the German export drive, urged on by political considerations of the 1930s to earn export currency. But the same policies did not allow (after 1934) GM to repatriate profits to the U. S. Instead investments continued in Germany.

It was a time of expansion throughout German industry. In 1932 there were 426,000 private cars in Germany. Five years later there were 1.1 million. Production in 1934 totaled 144,500. Four years later it hit its peak, more than 289,000. Industry's payroll went from 33,000 in 1932 to 120,000 in 1938. Opel's tripled.

Exports played a key role. At the beginning of the decade no more than 11,000 cars a year were sent abroad. In the next six years there was a sixfold increase. By that time Opel was exporting a third of its production and was enjoying more than 40 percent of the domestic market.

The outbreak of World War II threw doubt over the future of GM's German operation. Government interference in running Opel prompted William S. Knudsen to remark, "I have to report with some regret that Mr. Hitler is the boss of our German factory." Auto production did cease in 1940, the year Adam Opel built its millionth vehicle.

During the war Opel built trucks and special components for vehicles and aircraft engines. Consequently, the Russelsheim and Brandenburg factories received the attentions of Allied aerial bombers, starting in August, 1944. Devastation was enormous and no vehicles of any kind were produced in 1945.

Production began slowly after the surrender, under appalling conditions. It started with trucks, some 840 being produced in 1946.

Brandenburg fell within the Russian zone, and equipment at the factory was removed to deepest Russia. In addition, as reparation, Russia demanded all of Opel's assets, including those in the U. S. zone. U. S. authorities resisted, but had to concede production facilities for the little Kadett model. They went to a location in what became East Germany, but quickly found their way to Moscow. Subsequently, the Kadett appeared as the Russian Moskvich in some Western European countries in the early 1950s.

During the early postwar years it

Opel's 1898 "System Lutzmann" car had a one-cylinder, four-horsepower engine, sight-feed lubrication, belt drive to intermediate gear and chain drive from intermediate gear to the rear wheels, and a gearshift lever at the steering column.

Heads of Adam Opel

(Managing directors, general managers, chairmen of the board of management)

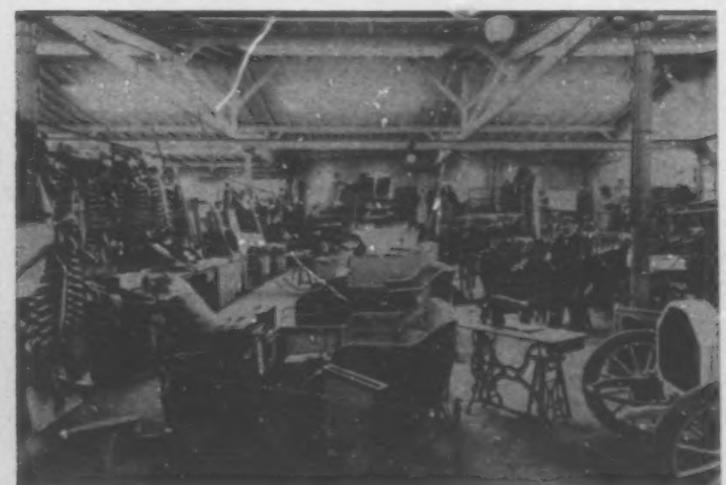
Fritz von Opel	1928-1929
Irving J. Reuter	1929-1930
Ronald K. Evans	1930-1936
Edwin R. Palmer	1936-1937
Cyrus R. Osborn	1937-1939
Heinrich Wagner	1939-1941
Custodians for the German government and later the Allied military government	1941-1948
Edward W. Zdunek	1948-1961
Nelson J. Stork	1961-1966
Ralph L. Mason	1966-1970
Alexander A. Cunningham	1970-1974
John P. McCormack	1974-1976
James J. Waters Jr.	1976-1980
Robert C. Stempel	1980-1982
Ferdinand P. J. Beickler	1982-

Adam Opel production

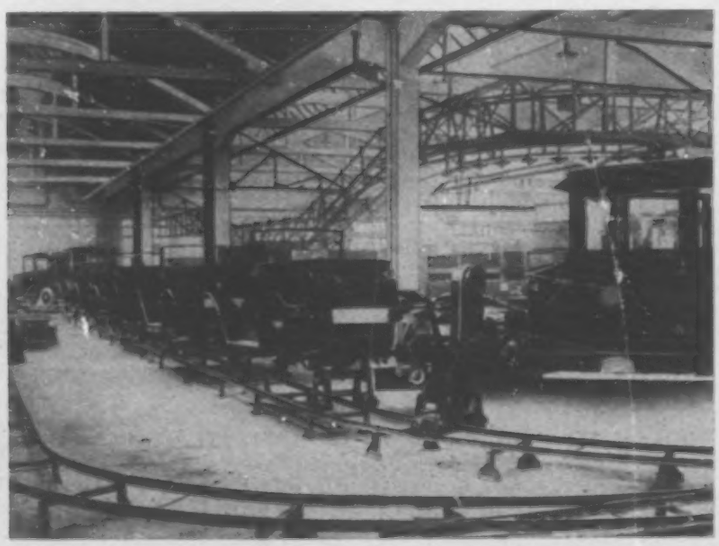
(After GM takeover)

1929	34,578
1930	26,127
1931	26,689
1932	20,982
1933	39,193
1934	72,061
1935	102,305
1936	120,852
1937	130,267
1938	140,580
1939	118,794
1940	25,592
1941	19,432
1942	18,869
1943	23,243
1944	16,146
1945	—
1946	839
1947	3,239
1948	13,091
1949	39,564
1950	72,746
1951	76,955
1952	87,934
1953	105,792
1954	167,650
1955	185,340
1956	207,010
1957	228,903
1958	315,945
1959	331,520
1960	370,073
1961	382,738
1962*	379,311
1963	570,293
1964	688,575
1965	631,137
1966	662,348
1967	549,281
1968	656,718
1969	801,205
1970	820,852
1971	838,718
1972	877,963
1973	874,355
1974	583,645
1975	657,539
1976	921,696
1977	925,167
1978	956,455
1979	968,466
1980	792,800
1981	816,648
1982	961,094

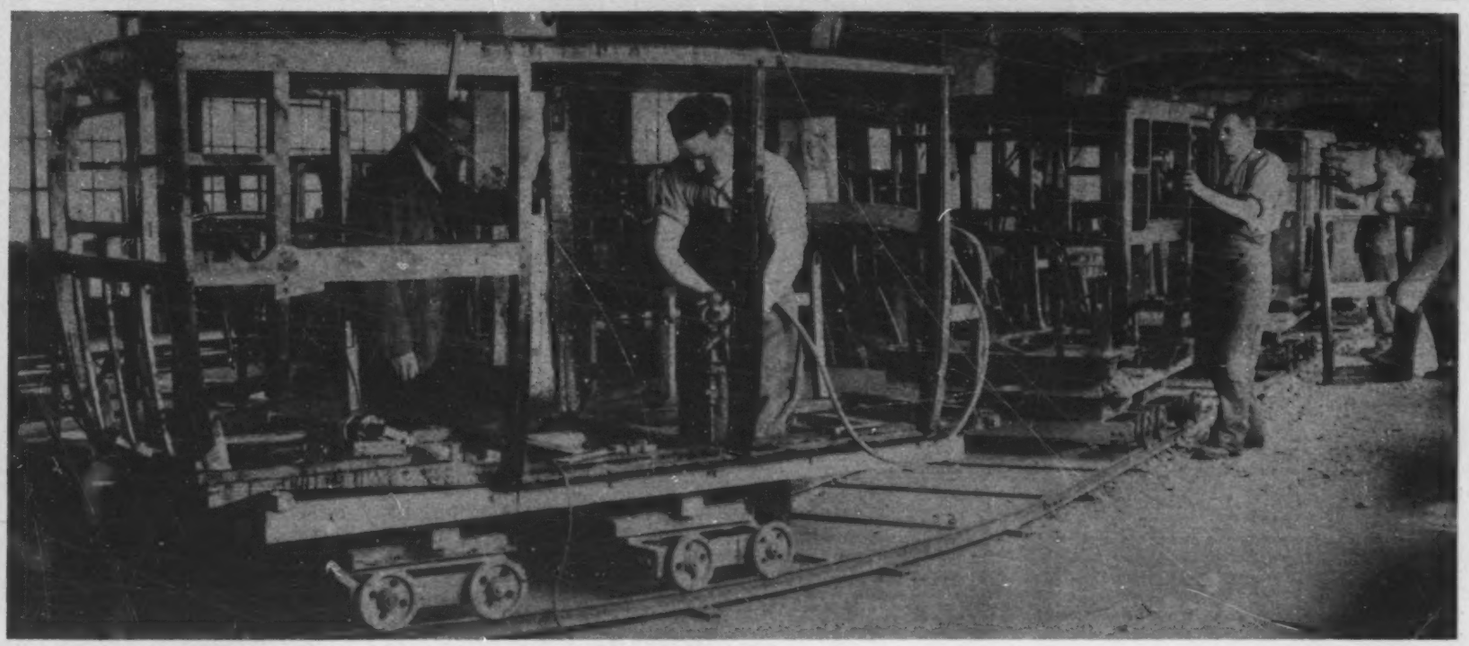
*—Opening of new Bochum plant.



Opel's upholstery shop in 1906 was fit for a king who liked plush seats. The car body in the foreground was for an automobile made for the king of Greece.



Opel's modern production lines impressed GM officials who visited Europe in 1928. The visit prompted Alfred P. Sloan Jr. to negotiate an option with Opel and GM acquired Opel in 1929.



An ample supply of skilled labor at Opel attracted GM to the German company.

was not clear whether GM would renew its ownership of Opel. The sheer cost of rebuilding the facilities, at a time when prospects for a return on investment were bleak, was just one consideration. Eventually, in November, 1948 GM agreed on a two-year trial ownership. It was not prepared to sink more funds into Opel at that stage, but was prepared to offer credit facilities. The corporation appointed Edward K. Zdunek to run the operation.

Zdunek, a former European regional manager for GM's Overseas Operations Division, stayed until 1961. He was, in the words of one commentator, "the perfect choice to guide the fragile Opel ship through the roiling waters of postwar Germany."

Opel's products were in the mid-price market, between the more expensive products of Daimler-Benz and the cheap and cheerful newcomer from Volkswagen. Opel products were the Olympia (a name dating back to the 1936 Berlin Olympics), the Rekord derivative and the Kapitan. They proved to be a remarkably successful line. Opel boomed during the 1950s, along with other aspects of German economic and industrial life. In 1953 production climbed above 100,000. It continued growing throughout the decade to the point where in 1961 Opel produced 382,700 vehicles. In 1956 the two millionth vehicle was produced. Four years later, the three millionth. Two years later, the four millionth.

Demand for sound, reliable private transportation was growing across all of Europe. Opel enjoyed more than a fifth of its domestic market sales — although it gave way to VW as market leader — and exported between 41 and 55 percent of production.

The story was similar across the whole German industry. It was a period when the country climbed to the top of the European production ladder. In 1953 Germany produced fewer than half a million vehicles. Ten years later the total was nearly 2.7 million. The motor industry accounted for one in eight of the country's work force.

With growth on this scale it was obvious that Opel needed more car-building capacity. It was also clear that after the wartime loss of the Kadett to Russia, Opel needed a small car to compete more effectively with VW. Opel and GM planned a $250 million project which would solve both problems, and timed it to coincide with the 100th anniversary of the founding of Opel.

In September, 1962 the first Kadett rolled out of the new Bochum factory, located in the heart of the country's Ruhr industrial and coal mining area. Opel was soon producing 1,000 a day.

Bochum had been chosen not just because it offered the right property for engine, transmission and component factories as well as final assembly. It was chosen because of the availability of good, reliable labor following a slowdown in the Ruhr's coal-mining base.

The Kadett was conventional and boxy. It was basic — just what Europe needed. Its arrival practically doubled Opel's capacity. In 1964 Opel built nearly 689,000 cars. With a few hiccups the total grew through the following 10 years, and in 1973 output stood at 874,000.

That year, though, has gone down as the year in which the first energy crisis hit the world. Its effects were felt throughout the world. In the years leading up to that turning point, Opel had rounded out its model line with the Admiral and Diplomat in 1964, the Commodore in 1967, the GT coupe in 1968 and the Manta coupe in 1970.

The company was not just investing in products. It opened a components plant in Berlin in 1964, and in 1966 completed work on a larger components factory at Kaiserslautern and a proving ground at Dudenhofen. The period culminated — just before the energy storm — with the 10 millionth Opel produced in 1972.

The 1970s saw extraordinary peaks and troughs. On one hand Opel production plunged, in line with general demand, in 1974 to fewer than 585,000, its lowest point in eight years. But when sales returned towards the end of the decade, Opel built an unprecedented 968,000 vehicles.

It was a decade which saw Opel become responsible for European passenger car design, which meant the end of the indigenous Vauxhall brand in the UK. With Opel as the nerve center, GM had moved from national to European dimensions.

Opel's fully justified claim is that its current product line is the most modern in Europe. It is now a full line, thanks to Corsa, and has led to a concerted effort in the early part of the 1980s to join the front runners in the European sales charts. □

The Russelsheim factory was in shambles in 1945 after Allied bombing.

Workers in 1945 dig away at what had been an Opel World War II plant.

Today the Russelsheim facility is one of the most modern in the world.

Let's make a deal

By John K. Teahen Jr.

Since 1908 General Motors has built and its dealers have sold nearly 190 million cars and trucks in the U.S., but the auto maker's avid interest in factory-dealer relations really evolved in the 1920s when Alfred Sloan became the first highly placed auto company official to realize the importance of a dynamic dealer body.

"Nothing happens until somebody sells something."

Not an original statement. Not even a new one. But it's the essence of the American economy.

And by changing one word, it wraps up the entire U.S. automobile industry in a simple aphorism.

Make it: "Nothing happens until the dealer sells something."

If the dealer doesn't sell his cars and trucks to the consumers, he isn't going to order any more merchandise from the factory.

And if the dealer doesn't order vehicles, the factory doesn't build them.

And if the factory doesn't build them, there is no auto industry.

Simple.

Of course, it can be argued that if there were no dealers, the manufacturers would damn well find another way of getting their cars and trucks into the hands of the public.

But dealers have been doing the selling job since the U.S. auto industry was born. If there were a better way, you'd think the industry would have adopted it long ago.

Dealers have been selling General Motors cars since before there was a General Motors—since the days when the corporation was no more than a gleam in Billy Durant's eye.

Oldsmobile dates back to 1897, Cadillac to 1902, Buick to 1903 and Oakland (Pontiac's predecessor) to 1907. (The first Chevrolet was built in 1911.)

General Motors didn't arrive on the scene until 1908. Since

A historic problem in distribution: Horses and sleds became necessary in the winter of 1928 to get these Chevrolets to dealers in Montana in preparation for spring selling.

1908 GM has built—and its dealers have sold—nearly 190 million cars and trucks in this country.

That's big business. Even last year, which was a bummer for the domestic auto industry, GM dealers sold 3.5 million cars and 1.0 million trucks in the U.S.

GM's dealer organization is the largest and the strongest in the auto industry.

• Ever wonder just how big the GM dealer sales volume is?

In a word, it's "bigger" than that of General Motors Corp.

Automotive News estimates that GM's U.S. dealers had total sales of $65 billion last year. The total for the corporation, worldwide, was $60 billion ($50 billion in the U.S.).

Maybe that isn't too unusual. GM sells to its dealers at wholesale, and the dealers sell the same cars, trucks and parts to the public at retail. If retail isn't bigger than wholesale, retail is in serious trouble.

But isn't it interesting that a group of 10,000 or 11,000 "small businessmen" did more business than the company that ranks second (after Exxon) on the Fortune magazine list of the 500 largest U.S. industrial corporations?

So let's compare retail and retail. The Fortune Service 500 lists Sears, Roebuck as the nation's largest retailing operation. Sears' 1982 volume? A paltry $30 billion, less than half of the $65 billion total for GM dealers.

The GM dealers' total includes all facets of their operations—new and used cars and trucks, parts and accessories, service, finance and insurance, rental and leasing.

Today GM's 10,000 car dealers have a combined net worth of about $4.75 billion. They employ 320,000 persons and have 250 million square feet of facilities under roof.

There are fewer dealers today than in the past, but the other numbers have risen. In 1962, for example, 13,800 dealers had a net worth of $2 billion and had 275,000 employes and 227 million square feet under roof.

Going back to 1941 there were about 17,000 GM dealers with a net worth of $740 million, 190,000 employes and 117 million square feet under roof.

GM does not have nearly as many dealers as it once had, but this is in line with an all-inclusive trend in the domestic industry. The domestic dealer total has fallen every year since 1955, and GM has not been immune.

In 1955 GM had about 17,000 dealers. At the beginning of this year, the car-outlet total was 10,160. (GM's car-truck dealer count was 10,840, including the GMC Truck locations that do not handle a GM passenger car.)

GM's car-dealer figure is down 40 percent since 1955. The total for the domestic industry is off 49 percent.

Throughout the industry during the last quarter-century, there has been a definite move toward fewer but larger dealerships.

The reasons are many and varied. Shopping patterns for all types of merchandise have changed. Aside from the supermarket and the drugstore, people are no longer "neighborhood" shoppers.

Much has been written about the effect of expressways and superhighways on vacation and business travel. It applies equally to day-to-day living. The dealership or clothing store or furniture emporium on the other side of town (even a big town) is just a short trip via "the expressway."

There have been massive population shifts within metropolitan areas as consumers have moved to the suburbs and the exurbs. And those migrants are prime prospects for the auto companies. They are the affluent, multicar families, people who don't drive the wheels off the old bus before trading it.

They also don't mind driving a few miles on those fine highways to reach the dealer of their choice. Again, fewer but larger dealerships.

Conversely, the core cities have declined as ideal dealership locations. This is borne out by an examination of the Yellow Pages of any metropolitan area.

The placement of dealerships has become an extremely important function of every auto company.

• But the principal reason for the dealership decline, at GM and elsewhere, is probably a lot more basic than those outlined above. It is, quite simply, money. Money to get in and money (profit) to keep going.

It takes twice as much capital to start a dealership today as it did 15 years ago. Many people with the necessary assets and entrepreneurial ability prefer to invest in a business that holds promise of a higher return.

It has become harder and harder to make a buck in the retail auto field. The auto depression of the last three years—with sky-high interest rates, rising expenses and poor sales—has driven thousands of dealers out of business.

But veteran dealers will testify that the profit pinch is nothing new, it's just a lot worse now.

Despite the problems, GM's dealer organization is recognized—and has long been recognized—as one of the corporation's greatest strengths.

It is the industry's largest dealer body. With 10,000-plus members, it is nearly twice as big as Ford Motor Co.'s 5,400.

It is a strong and immensely capable group of retailers. GM has not always guessed right on styling and features (remember air suspension and the '57 Buicks and Oldsmobiles with the bars on the rear window?), but the dealers have moved the product and have kept the profits rolling into headquarters.

(Granted, the dealers didn't have a helluva lot of choice. It was either sell what the factory made or sell nothing.)

And it's a prosperous organization. Looking only at the last three years, GM dealers may take issue with the word "prosperous," but they've done mighty well over the years. Better, probably, than any other group of auto merchants.

Back in the 1960s, in the glorious days of Knudsen-Estes-DeLorean, a Pontiac dealer told *Automotive News:* "Every Pontiac dealer should get down on his knees every night and thank God that he *is* a Pontiac dealer."

During the 1960s and the early 1970s, Volkswagen dealers were hip-deep in a pot of gold, and the purveyors of the leading Japanese makes have been enjoying that condition in recent years. But over the long haul, GM dealers hold the money title and the success title.

A number of GM dealers have turned to imports to keep the profits flowing. Currently, GM retailers hold 1,640 import-car franchises, of which 1,005 are for Japanese makes.

• The GM dealer body is long on experience. At least 3,000 have held their franchises for 25 years or more. An exact figure isn't available because Oldsmobile doesn't know how many 25-year dealers it has.

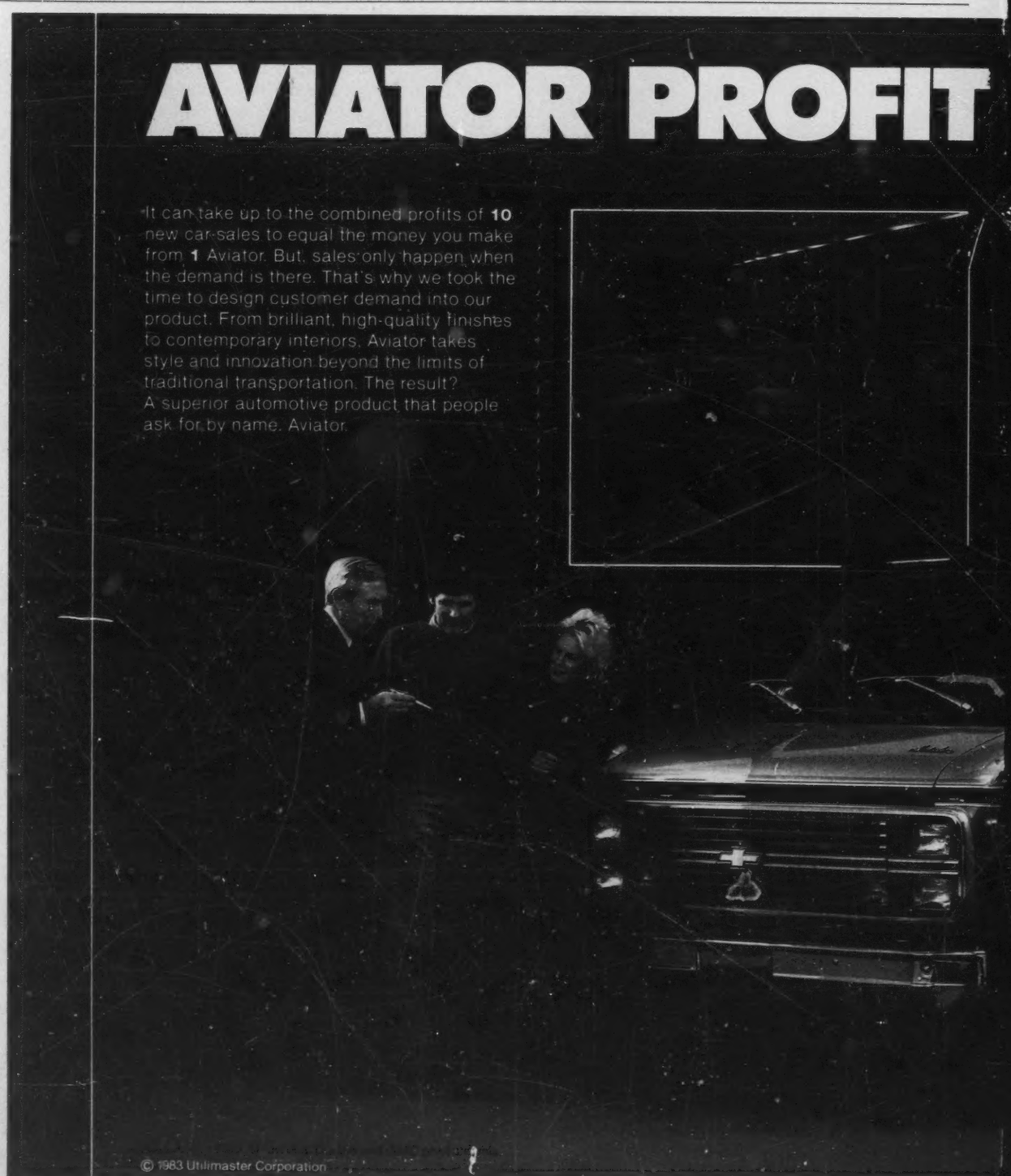
Chevrolet counts 1,115 quarter-century dealers, which is 21.5 percent of its total, and 116 of them have been handling Chevrolet for 50 years or more.

Pontiac has 552 dealers in the 25-years-or-more group, 19 percent of its organization, and Cadillac has 273, of whom five are 50-year dealers. The 273 is 17 percent of Cadillac's total.

Buick estimates that 25 percent of its dealers have been operating their businesses for 25 years or more. That would be about 725.

The total for those four makes is 2,665. Oldsmobile's number would undoubtedly push the corporate count beyond 3,000.

It is likely that many of those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veterans have been franchised by two or more divisions for better than 25 years, so it wouldn't be accurate to say that the 3,000 make up 30 percent of GM's 10,000 car dealers.

On the other hand, the total would be even higher if second-generation and third-generation dealerships were included. The figures supplied by the divisions are the number of 25-year dealerships still operated by the original franchise holder.

• Naming the oldest GM dealership is not easy since there are so many ways that this distinction can be claimed. There are, for example, the oldest still operated by the original franchisee, the oldest still operated by the same family, the oldest despite change of family owners, the oldest firm though it may have started in another business or with a non-GM make.

From available information, it appears that Roth Cadillac, Inc., Erie, Pa., is the oldest GM dealership continuously operated by the same family. The company was founded in 1903, the year after the first Cadillac was built and five years before General Motors was formed.

Four generations of the Roth family have sold more than 10,000 Cadillacs during the dealership's eight decades. Robert Q. Roth Sr. is chairman of Roth Cadillac, and Robert Q. Roth Jr. is president.

With a 1903 founding date, Roth Cadillac has to be older than any Chevrolet or Oakland/Pontiac outlet. Buick, founded in 1903, mentioned no dealership that old, nor did Oldsmobile, which dates back to 1897.

Stillman & Hoag Inc., a Buick dealership in Englewood, N.J., is sharing its 75th anniversary with GM. It was established in 1908 by Walter (Colonel) Stillman and Daniel Hoag.

Walter (Bud) Stillman succeeded his father and operated the firm for many years. He is now chairman and his son, Robert Stillman, has been president since 1972. Robert's son, John, joined the firm this year.

Glockner Chevrolet, Portsmouth, O., has been handling Chevrolets since 1912. Andrew M. Glockner, the fourth generation of the family, was named president last year. He succeeded his father, Edward L. (Ebb) Glockner, who had headed the dealership for 34 years.

• Another dealership dating back to 1912 is Whitaker & Son, Inc., which sells Buick and Chevrolet in Sidney, N.Y. Glen E. Whitaker Sr. is president, and Glen E. Whitaker Jr., the fourth generation, is vice president.

Irving J. Demarest retired last year as Chevrolet's "senior dealer," but his dealership goes on under the direction of his grandson, Roger T. Demarest. Irving Demarest received his first Chevrolet franchise in 1914. The dealership is I.J. Demarest, Inc., Westwood, N. J.

Carpenter's, Inc., Durham, N. C., has been in the Chevrolet business since 1915 and handled Ford and Dodge before that. Marcus G. Carpenter Jr. and Fred G. Guthrie have been the operators since 1955.

That's not a complete list of GM's oldest dealers, but it shows that selling GM products has been a many-generation career for a lot of families.

When the car divisions talk of their "senior dealer," they mean the original franchisee who has operated his dealership for the longest period.

Chevrolet's representative has the longest tenure. He is Gilbert Colussy, who has headed Colussy Chevrolet, Bridgeville, Pa., since Aug. 1, 1918. Colussy took over the top spot a year ago when Irving J. Demarest (see above) retired.

Pontiac's senior dealer is L. Harris Racke, of Racke Pontiac, Inc., Naugatuck, Conn. He has held his franchise since Dec. 29, 1924. Racke started as an Oakland dealer; the first Pontiac came along in 1926.

The oldest Cadillac outlet operated by the original franchisee is Modern Motors, Glendale, Calif., which dates back to 1926. The dealer is Lee P. Speights.

Oldsmobile also reaches back to 1926 for its senior dealer. He is A. C. Kuykendall, of Kuykendall Motor & Leasing Co., Temple, Tex. He signed his first Oldsmobile franchise April 22, 1926 and is also a 50-year Cadillac dealer. In second place is Walter T. Haase, Haase Oldsmobile, Inc., North Bergen, N. J. Haase came aboard on March 26, 1928.

Buick could not supply the name of its individual dealer with the longest tenure.

Who's GM biggest dealer in terms of new-car volume? Don't ask. The corporation and four of its car divisions guard that information the way Grandma guards her recipe for turkey stuffing.

Oldsmobile is the pleasant exception. The biggest Olds dealer is Dale Oldsmobile, Bronx, N. Y. The dealership, headed by Mark Rosenstock, has been Oldsmobile's leader for the last three years.

Dale sold 15,275 new Oldsmobiles in 1980, jumped to 15,936 in 1981 and moved 11,344 in 1982. The dealership does a huge fleet business. Fleet sales accounted for about 13,500 of its deliveries in 1980, some 12,000 to 13,000 in 1981 and about 9,800 in 1992.

• Through the years, GM and its dealers have lived together rather peacefully. There was a bitter period in the mid-1950s when that was certainly not the case, but that was the exception rather than the rule. That confrontation will be examined in detail later in this chapter.

There have always been critics in the retail organization, and there always will be. It's impossible to write a franchise or conduct factory-dealer relations in a manner that will satisfy everyone of the 10,000 highly independent men and women in the dealer group.

In recent years, GM has not met the organized criticism at the dealer level that Ford Motor Co. and Chrysler Corp. have faced. There has been no Ed Mullane nor Ray Cohen in its dealer ranks.

Mullane, a Ford dealer, heads the Ford Dealers Alliance. Cohen, a former Dodge dealer, organized the Independent Dodge Chrysler Dealers Assn. Its name was changed to Independent Dealers Committee Dedicated to Action when it began enlisting dealers handling other makes.

GM's interest in factory-dealer relations goes back a long way, back to the 1920s and the days of Alfred P. Sloan Jr.

Sloan was probably the first highly placed factory executive to realize the importance of a strong dealer organization.

In his book, My Years with General Motors, he wrote, "When I was chief executive of GM, I gave a large part of my attention to dealer relations, amounting at times, you might say, almost to specialization.

"I did so because the experience of the 1920s, when the modern problems of automobile distribution took shape, taught me that a stable dealer organization is a necessary condition for the progress and stability of an enterprise in this industry."

He said the prevailing attitude in the industry in the early 1920s was that the manufacturer should attend to the product, the prices, the advertising and promotion and leave the rest of the elements of distribution to the dealer to work out.

Sloan's contacts with dealers were on a face-to-face basis. He wrote:

"I made it a practice throughout

RATIO: 10 to 1

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the 1920s and early '30s to make personal visits to dealers. I fitted up a private railroad car as an office and in the company of several associates went into almost every city in the U.S., visiting from five to 10 dealers a day.

"I would . . . ask them for suggestions and criticism concerning their relations with the corporation, the character of the product, the corporation's policies, the trend of consumer demand, their view of the future and many other things of interest in the business."

Those dealer visits continue today, though not so much at the chief-executive level. Divisional general managers and general sales managers tour the nation once or twice a year to meet with their retailers. But they don't use a "private railroad car."

• Sloan said he made "careful notes of all the points that came up, and when I got back home I studied them."

He added, "This time and effort-consuming approach was particularly effective under the circumstances existing at that time when we knew so little about the facts of distribution in the field.

"Many things that we learned were subsequently reflected in our dealer selling agreements, and communications in particular were put on an established basis through councils and in other ways which at least in part served to meet the same need."

Among the programs that grew out of those meetings were the 10-day reports on sales and inventory along with monthly projections of sales and projected stocks for the next three months, programs to train dealership sales and service personnel, assistance to the dealer in the design and arrangement of his physical property and market studies on the placement of dealers in a specific area.

Carryover allowances were instituted. This feature, still in effect today although terms have changed through the years, pays the dealer a percentage rebate on prior-year vehicles in stock when new models are introduced.

A major innovation was a standardized accounting system for GM dealers, which was developed in 1927. Dealers were required to report their financial situation to the corporation on a uniform basis.

"This was a big and expensive effort," Sloan said in his book, "but it enabled each division of GM and the central office to look through the whole distribution system, dealer by dealer and group by group, and determine just where the weaknesses were and what should be done about them.

"Furthermore, the dealer himself could not only judge his own complicated business intelligently but also compare his operations, item by item, with group averages. Often the soft spot would be discovered in time to make corrections before harm was done."

Another vital project of that era was Motors Holding Corp., formed in 1929 to reduce dealer turnover by stabilizing dealerships and, chiefly, to assist in providing capital to capable persons whom GM felt would become valuable dealers. The activity became Motors Holding Division in 1936. It will be discussed in greater detail later in the chapter.

• World War II wasn't much fun for any merchant handling consumer goods. Production in all fields was severely limited as the nation's factories converted to war materiel. For auto dealers, supplies were shut off completely, and sales of new cars on hand were strictly regulated by the government.

Shortly after the U.S. entered the war, Sloan wrote GM dealers, outlining a policy aimed at maintaining the dealer organization. The policies included:

1. An offer to buy back cars, parts and accessories the dealer wished to return. In his book, Sloan said this was for the protection of dealers who might be drafted into the armed forces or who, for any reason, might wish to terminate their selling agreements.

2. Preferential consideration after the war for reappointment if the dealer closed his business on conditions that were mutually acceptable to the dealer and the division.

3. A special allotment plan for new cars for two years after resumption of production for those dealers who remained in business during the war.

Sloan said in his book that the GM dealer total dropped during the war from 17,360 in June, 1941, to 13,791 in February, 1944.

The dealers who continued in operation existed on parts and service and used cars, though used autos were scarce since there were no new ones entering the pipeline. Some dealers used their shops to do subcontracting work in war production.

Dealer relations weren't much of a problem for GM or for anybody else in the years immediately following World War II. Auto dealers were mighty happy to be auto dealers. They were making a potful of money as a car-starved population clamored for new vehicles.

The times spawned abuses at the dealer level. There was price gouging in the sellers' market. There was favoritism to friends instead of strict adherence to waiting lists. Dealers wound up with a bad name. The bad name was justified in some instances, but reputable dealers found themselves in a barrel that was being spoiled by a few bad apples.

But, as noted, factory-dealer relations were quite good. Dealers really didn't have much to complain about except a lack of merchandise. Maldistribution was a sore spot, but it usually meant "the factory won't send me as many cars as I want."

• But a sellers' market doesn't last forever, and by 1953, the buyer was back in command.

The factories were on a volume binge. They liked the idea of selling everything they could build, and their capacity for building cars was increasing.

Dealers were pressured to take more and more cars. How they sold them was their problem—but if they didn't buy what the factory demanded, their franchises might not be renewed at the end of their one-year contracts. Some of the Sloan principles seemed to be falling by the wayside.

There was the infamous Chevrolet-Ford battle in 1954. The two leaders engaged in a desperate struggle for supremacy, and the story goes that late in the year dealers (with factory encouragement) were registering as sales the motor numbers of cars that hadn't even been built.

The final R. L. Polk registration figures for 1954 showed Chevrolet in front by a count of 1,417,453 to 1,400,440, but it was hardly a victory to be proud of.

Then came 1955 and sales zoomed right off the charts. There had never been anything even approaching that year's volume of 7,169,908 new-car registrations—and only 51,858 of them were imports.

(Incidentally, 1950 was also a fantastic year—6,326,436 registrations—but there were special circumstances. The Korean War started in June, and customers rushed to buy, fearing a cessation of auto production, as in World War II.)

Factory pressure on dealers reached its peak in 1955. Franchise cancellations rose, and the retailers turned to Congress for help. Washington wasn't much of a factor in autodom in those days, but it certainly became one in 1955-56.

• It's no exaggeration to call the period from November of 1955 to August of 1956 the most important

75
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ever in the field of factory-dealer relations.

That 8½-month span saw extensive hearings in the U. S. Senate on the relationship between GM and its dealers. It brought a complete revision of the GM dealer franchise. It encompassed hearings by another Senate subcommittee on factory-dealer matters. And it wound up with the enactment of The Automobile Dealers Franchise Act, better known as the good-faith law or the dealer day-in-court law.

The year started calmly enough with Senate hearings on the auto industry in the spring. GM was not involved.

Then came November and a non-stop period of activity. The Antitrust and Monopoly Subcommittee of the Senate Judiciary Committee began examining the structure, policies and practices of General Motors.

Directing the inquiry was a Democratic senator from Wyoming, Joseph C. O'Mahoney, who wasn't supposed to be filling that role. The chairman of the subcommittee was Senator Harley Kilgore, West Virginia Democrat, but Kilgore was out of the country so the gavel was placed in O'Mahoney's hands.

One wonders if the history of factory-dealer relations would have been different if Kilgore had had the chair and O'Mahoney had been just another senator on the panel. But that's idle speculation. O'Mahoney *was* the boss, and it was *his* hearing.

A full complement of GM brass was on hand, including President Harlow H. Curtice, the corporation's chief executive, and Vice President William F. Hufstader, head of the Distribution Staff (now Sales and Marketing Staff). They didn't enjoy themselves much.

Among the witnesses were a number of active and former (read that "canceled") GM dealers. Their testimony was not exactly flattering to GM.

They felt they had been unfairly terminated by GM. Dealers were described as vassals of the manufacturers with about as many rights as the vassals of feudal times.

As the hearing moved along, it became more an examination of the relations between GM and its dealers than a study of GM's structure, policies and practices.

Factory pressure to take unwanted cars and equipment was alleged. The one-year term of the franchise was mentioned. GM had gone to one-year contracts (from indefinite term) in 1947 because of the first of the state factory-dealer licensing laws. The one-year pact permitted cancellation (or non-renewal) without violating anti-cancellation provisions of those laws.

• During the hearings, Curtice announced that the GM franchise was being extended to five years. O'Mahoney liked that, but he stressed that "it does not relieve the contract from its other aspects that have been criticized."

NADA was a witness. At one point, Frederick J. Bell, a retired admiral who was executive vice president of the dealer association, told the subcommittee:

"In their impatience to make fine motor cars even better, the auto manufacturers have somehow classified their dealers as being part of an overall system of automation, as being not flesh and blood people, but instruments to be controlled by pushbuttons."

Bell also supplied the "economic vassalage" appellation.

GM promised no reprisals against dealers who testified. Of course, most of them were beyond reprisals — their franchises had already been canceled.

One of those who survived was M. H. (Doc) Yager, a Pontiac dealer from Albany. Among other things, he charged that GM was using the 10-day report as "an instrument of torture to make sales trends coincide with production schedules."

In a somewhat milder vein, Yager mentioned the many references to the sales agreement as a unilateral contract and observed, "This condition has long been recognized by dealers, but under more benign management with its recognition of a mutuality of interest, the dealers were much less concerned because of their justified confidence and trust.

"Developments have so severely shaken that confidence and trust that attention has been more intensely focused on the selling agreement, and a realization that a more substantial instrument is imperative to give greater security on investment and on which to build our future has alarmed the industry."

Strong words, but the franchise wasn't yanked. Some six weeks after the hearings, William Ullman, *Automotive News* Washington bureau chief, referred to the speaker as "M. H. Yager, the Albany Pontiac dealer who is still a Pontiac dealer . . ." And he remained one until he retired many years later.

Price packing, bootlegging and territory security—three of the issues of the time—were aired, and Curtice explained that GM was powerless on all three fronts.

Price packing was a dipsy-do practice in which a dealer might quote an artificially high price. Few people knew what car prices were in those days (there was no price sticker law).

Bootlegging was the sale of a new car by a dealer to an unfranchised person (generally a used-car dealer) for purposes of resale. Dealers blamed it on overproduction and high sales quotas set by the factory.

• Curtice denied that overproduction was the culprit. He said GM had sought to put an anti-bootleg clause in the franchise (require that the dealer give the factory a chance to buy back cars the dealer considered as overstocked), but GM dropped the idea when the Justice Department refused to assure GM that such a clause would not lead to criminal proceedings.

Indeed, GM did make an informal offer to buy back such cars and received virtually no response. Naturally not, said dealers; it would be an admission by the dealer that he could not sell his quota and might lead to franchise cancellation.

Territory security was another program that was bombed by the government. Curtice said it was withdrawn several years before because the Justice Department said it violated two antitrust laws.

Throughout the hearings, Curtice and Hufstader insisted that the great majority of GM dealers were prosperous and satisfied and that the complaints being raised did not represent the feelings of the dealer organization as a whole.

Hufstader said GM had 5,976 applications for franchises on file. He didn't say it in so many words, but the implication was, "If our franchise is so bad, why do so many people want it?"

Hufstader said a few dealers had suffered reverses because they were unprepared for the day when "customers ceased walking into their stores clamoring to have their names put on an order blank." This was a reference to the end of the sellers' market in the early 1950s.

O'Mahoney wasn't convinced. His introduction of the good-faith law a short while later was proof of that.

And GM's position that dealers were largely contented suffered a stinging blow a few days after the O'Mahoney hearings ended. It came in the form of survey results released by another Senate subcommittee.

This was the Automobile Marketing Subcommittee headed by Senator A. S. Mike Monroney, Oklahoma Democrat. In preparation for

75 and still delivering.

GMC is proud to salute General Motors on its 75th Anniversary.

We've seen a lot of change during those 75 years. In that time, we've moved from crude hand building to computer-aided design and robotic assembly. Chain-drive, one-cylinder horizontal engines and primitive buckboard seats have been replaced with things like on-demand four-wheel drive, turbocharged diesel engines and levels of comfort and convenience that once belonged only to automobiles.

But right from the start, our goal has always been the same: to deliver products that reliably transport people and their goods when and where they want to go. That is something GMC and General Motors have done since day one. And something we hope to continue for a long time to come.

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GM 75

hearings to begin in January of 1956, Monroney's subcommittee had sent questionnaires to all new-car dealers.

In mid-December, Monroney announced the answers from GM dealers. He said he had 8,276 replies, nearly 50 percent of GM's total dealer body of 17,000.

And 73 percent of those replying dealers (6,049 out of 8,276) said they felt the need of Congressional intervention into automotive retailing. Only 869 respondents, or 10.5 percent, saw no need of federal help. The rest either didn't answer the question or said they did not know.

The survey also found that 4,069 of the GM dealers responding (49.1 percent of total GM answers) said "pressure from factories to take more cars than needed" was one of the primary causes of bootlegging.

(EDITOR'S NOTE: The Monroney hearings were concerned with such matters as phantom freight, new-car bootlegging and unsound financing. A bill was drawn and was approved by the Senate Commerce Committee, but it was not acted upon in that session of Congress.

(But Monroney's day was coming. In 1958, he sponsored The Automobile Labeling Act—the price-sticker law—which has had a profound effect on automotive retailing since it went into effect at the beginning of the 1959 model year.)

• After the O'Mahoney hearings and release of the Monroney survey, the handwriting was clearly on the wall for GM. And GM is very good at reading handwriting on walls.

The handwriting said: Major changes in the GM dealer franchise are needed. And that's exactly what GM put into effect.

"Landmark document" is a much overused term, but the new GM selling agreement certainly merited that designation. It was announced early in March and became the model for dealer contracts throughout the industry.

The selling agreement became effective March 1, 1956, and was discussed by Curtice the following day in a closed-circuit telecast to dealer meetings in 38 cities in 29 states and the District of Columbia.

Curtice spoke from Los Angeles, where the 1956 General Motors Motorama was opening. Insiders referred to his speech as "the Sermon on the Mount."

He called the new contract "the most equitable and most progressive ever developed in our industry" and added that it "establishes—as legal obligations — policies and equity considerations which the dealer can enforce under the laws of the land regardless of who administers the contract."

That last was probably in reply to rumblings about a good-faith law, rumblings which were already being heard, thanks to O'Mahoney.

Curtice continued, "I see very clearly the beginning of a new era in the relations of General Motors and its dealers—an era of goodwill —an era of progress and continuing prosperity—and an era, too, in which we shall win the regard of our fellow citizens as true leaders in our respective spheres of influence."

In the new franchise, GM assumed 100 percent of warranty labor costs. The figure formerly was 65 percent.

The carryover allowance was increased to 5 percent of the list price on all vehicles in stock (except some demos) when new models were introduced. The allowance formerly was 4 percent, and was paid on vehicles in excess of 3 percent of those purchased by the dealer during the prior model year.

In other words, if a dealer bought 1,000 cars during the model year, 30 would be excluded from the carryover payment. If he had 50 left, he'd be paid on only 20 of them.

The period in which parts could be returned to the factory for credit was increased from 30 to 90 days.

• A dealer was permitted to name his successor. This was an expansion of a clause which allowed a dealer to designate his son or son-in-law as his successor.

The successor could be an associate mentioned in the contract as a qualified operator of the business or any qualified person active in the business. In those cases, the successor had to have a specified minimum financial interest.

The dealer also could elect that his widow retain a financial interest of not less than 25 percent for five years.

More financial assistance was given in the event of termination. GM said it would repurchase all unused parts listed in the current parts price schedule, any new accessories bought within the preceding 12 months and all special service tools recommended by GM for use in the dealership operation and purchased by the dealer within three years of termination.

The allowance under the Parts Obsolescence Plan was increased from 2 percent to 4 percent of annual purchases.

GM increased its contribution to co-op ad funds from 30 cents for each $1 contributed by the dealer to 50 cents for each $1.

At the same time, GM absorbed the costs of new-car direct-mail programs previously charged to the dealer. Also, the dealer and the division would share equally the costs of sales contests and owner magazines, which previously had been borne entirely by the dealer.

The factory share of the sales contests and owner magazines was charged against the company's contribution of 50 cents for each $1 put up by the dealer for co-op ad funds.

And the 1956 franchise contained a new system for evaluating the sales performance of the dealer. This was an important and much-desired revision from the dealers' standpoint.

The old franchise included a clause that said flatly, "Dealer shall develop to the seller's satisfaction the sale of (make) motor vehicles in the area described in Paragraph First."

The new clause took into account the trend of the dealer's sales performance, the availability of new cars and the local conditions affecting sales.

Also, where there were several dealers handling a specific GM make in the area, an evaluation of combined sales performance would be made with each dealer expected to contribute his "fair share" of sales.

GM also eliminated many clauses of the old agreement which, Curtice said, "have had only a limited application over the years."

Maybe GM missed one of those clauses. *Automotive News* reported in 1956 that "Cadillac dealers are mildly amused at signing a document that gives them the non-exclusive right to use the terms 'Cadillac' and 'LaSalle' in their businesses."

There hadn't been a LaSalle since before World War II.

But, on the other hand, there was much talk—then and since—about bringing back that revered nameplate. Maybe the GM legal folks were simply touching all the bases.

In analyzing the new selling agreement, *Automotive News* said: "It appears to be a somewhat simpler and more diplomatic legal document. In many sections, the former document gruffly stated the demands of the factory. The new agreement makes many of the same demands, but includes a diplomatic explanation of why they are necessary."

• There were many other changes outside the selling agreement itself, which Curtice said were designed to improve factory-dealer relations.

GM said it would improve its wholesale operations by establishing new zone offices as needed, adding personnel if necessary and expanding business management services for dealers.

A warehouse charge of $5 to $7 on cars delivered through warehouses was eliminated.

A group life insurance program was set up. Dealers under 65 could obtain policies ranging up to $100,000 without medical examination.

GM scrapped its old Dealer Relations Board, which had been in operation since 1938, and replaced it with an impartial umpire who was to adjudicate appeals from decisions (generally cancellations) of GM divisions.

Retailers weren't at all sorry to see the end of the Dealer Relations Board. In 1955, it consisted of Curtice, Hufstader, two executive vice presidents and the vice president and general counsel. And the board could call upon all the facts-and-figures people and all the charts-and-graphs experts in the entire GM organization.

The dealer, on the other hand, had about as much protection as a rowboat in a tidal wave. He couldn't even bring his attorney to the meeting.

The position of executive vice president in charge of dealer relations was established, and Ivan L. Wiles was named to fill it. He was Buick general manager and a member of the GM board of directors. Wiles was to operate independently from Hufstader and from the sales and distribution activities of the car-truck divisions.

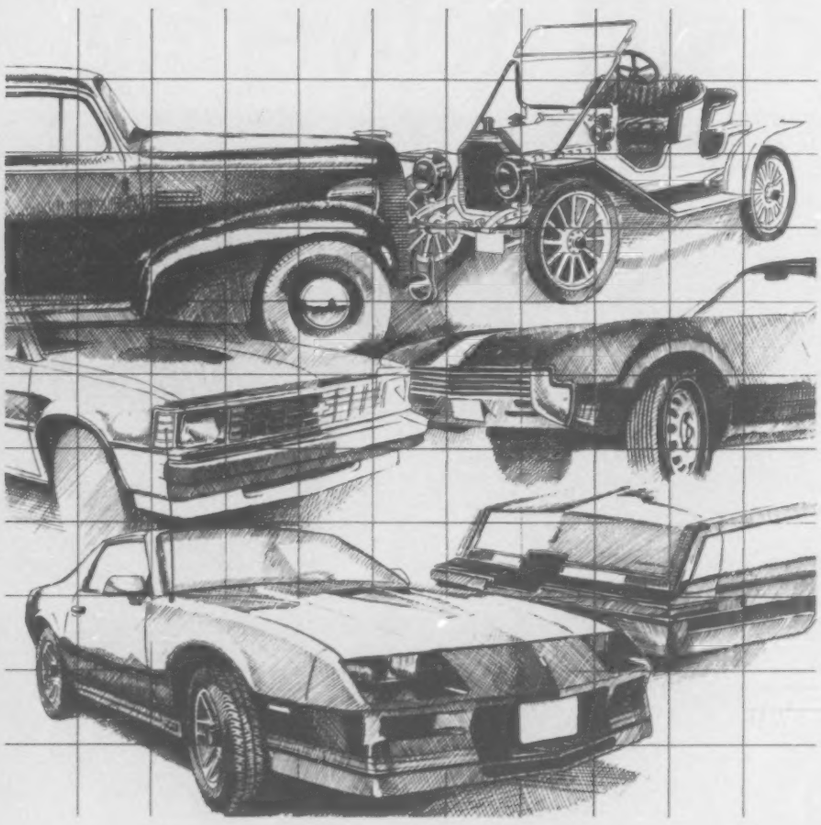
Curtice said Wiles "will continuously survey dealer opinion so that problems which affect dealers will be handled promptly and properly. He will make certain that the thinking of the dealer body is reflected to me directly and realistically."

The job didn't last long. Wiles retired in 1958 and no successor was named.

GM also adopted a policy of having elected (rather than appointed) dealer councils at the zone, regional and national level for each vehicle division. (The GM President's Dealer Advisory Council, which spans all divisions and includes Canada, continues to be an appointed body.)

• The appointed dealer councils drew some heat during the O'Mahoney hearings from the outspoken Doc Yager. He said:

"General Motors will contend that they some years ago set up dealer councils within each automobile division and established another at the summit with the chief executives of GM and repre-



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sentatives of each make from various parts of the country.

"This contention is true, but it is a loaded deal. I have on repeated occasions served on the Pontiac council, although I have not been invited to do so in recent years.

"These councils are made up of carefully screened dealers who are nominated by their zone manager and further screened by the central office before an invitation is issued," Yager said.

"Certainly, no zone manager will embarrass himself by nominating a maverick, but invariably picks out an apple polisher who will behave himself in the august presence of central office brass.

"Further, at these councils, a rigidly adhered-to agenda is laid out, and even a maverick would have a hard time getting out of step with the tune they play."

The new franchise gave dealers their choice of three time periods—one year (the old arrangement); five years (announced by Curtice during the O'Mahoney hearings), or indefinite term.

Each could be canceled by the dealer without cause on 30 days' notice. GM could cancel the one-year and five-year pacts only with cause, but it could cancel the indefinite agreement without cause on 90 days' notice. Virtually all dealers chose the five-year contract.

The indefinite-term pact was dumped in 1970 because fewer than 10 dealers had requested it. Today, all contracts are for five years, although shorter ones may be tendered in what GM calls "special situations."

As mentioned, the position of executive vice president for dealer relations didn't last long, but the elected dealer councils and the impartial umpire system are still in effect.

The umpire is an important part of the dealer appeals procedure even though not too many matters come before him. This is because GM does its utmost to settle cases to the satisfaction of company and dealer before they get that far.

The umpire gets mostly matters of precedent and things which GM feels strongly enough about to take all the way to the court of last resort—at the GM level, that is.

There have been changes in the GM selling agreement since 1956, of course. No contract can live forever without revision in an industry as volatile as the retail automotive field.

But there has been no full-scale rewriting of the franchise as there was in that historic year. The alterations have been chiefly refinements, changes made to meet new situations in the industry.

Some of the changes have been due to federal and state legislation. Nearly 40 states now have laws embracing the subject of manufacturer-dealer relations.

• Meanwhile, back in the U. S. Senate, O'Mahoney hadn't given up his thesis that auto dealers needed further protection against coercion, cancellation and other problems.

On Jan. 30, 1956, O'Mahoney addressed the NADA convention, which was held—quite appropriately—in Washington. He promised to push for selling agreements that would be enforceable by the courts.

He noted that there were indications of a better contractual relationship between factory and dealer as a result of the GM hearings, but he said he doubted that the problems could be solved "without the sanction of law."

Clearly, the senator was looking ahead to the introduction of his good-faith law.

Another bill of this type was introduced during that NADA convention. It was sponsored by Senator John M. Butler, Maryland Republican, and it stipulated that it would be unlawful for a manufacturer to threaten to cancel a franchise when the principal reason was the dealer's refusal to accept his factory's merchandise.

The Butler bill called for injunctive relief for the dealer in federal court until the case was heard, and it specified that a dealer damaged by cancellation could sue in federal court and receive twofold damages and court costs.

Nothing much was heard of the Butler bill; it seems to have become lost in the shuffle. But plenty was heard of the subsequent O'Mahoney bill.

When the new GM selling agreement was announced, O'Mahoney applauded the changes, but he didn't back off from his position that factory-dealer relations needed the sanction of law.

In April of 1956, the O'Mahoney subcommittee presented a staff report which said auto dealers still needed a law allowing canceled dealers to sue the manufacturer in court. The report took a dim view of guarantees claimed for the new GM franchise in that regard, and it called GM's umpire plan "untried and of questionable value."

A GM spokesman called the report unwarranted.

The subcommittee's report also said that an equity law "while not a panacea for all dealer problems" would be the simplest way to equalize the relationship between the factory and the dealer.

The tea was brewing, and it was about to come to a boil.

O'Mahoney introduced his bill in May. It was formally described as a measure "to supplement the antitrust laws of the U. S. to balance the power now heavily weighted in favor of the auto manufacturers by enabling franchised auto dealers to bring suit in U. S. District Courts to recover twofold damages sustained by reason of the failure of the auto manufacturers to act in good faith in complying with the terms of franchises or in terminating or not renewing franchises with their leaders."

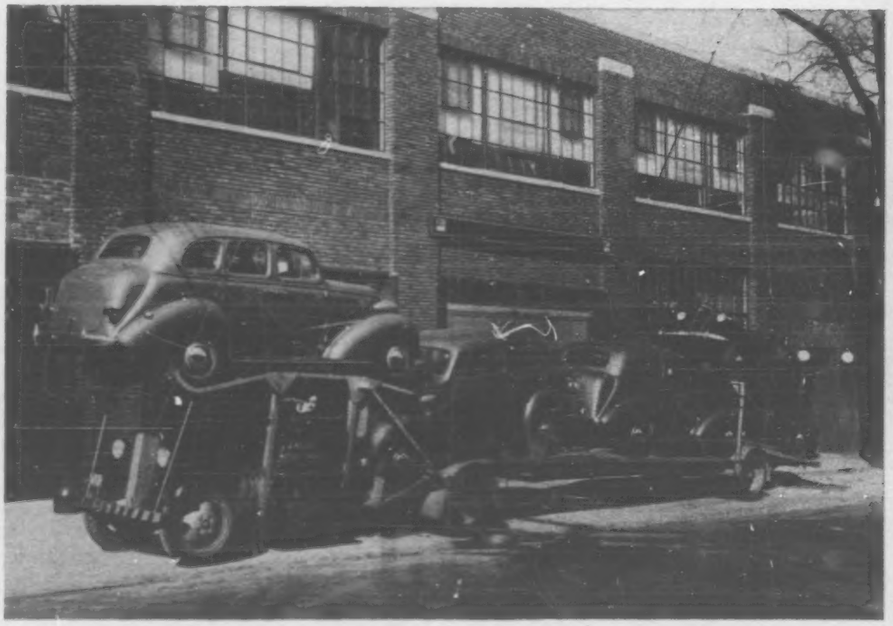
Good faith was defined as "the duty of the manufacturer, its employes, officers or agents to act in a fair, equitable and non-arbitrary manner so as to guarantee the dealer freedom from coercion or intimidation, and in order to preserve and protect all the equities of the auto dealer which are inherent in the nature of the relationship between the auto dealer and the auto manufacturer."

The Judiciary Committee passed up hearings and unanimously reported the O'Mahoney bill to the Senate floor. In mid-June, the Senate approved the measure after a three-hour debate by a vote of 75 to 1. The lone "nay" was uttered by Senator Charles E. Potter, Michigan Republican.

A floor amendment made the bill apply to dealers as well as manufacturers; a factory could defend

Delivering the goods

How GM got its automobiles to market



A typical auto transporter of the mid-1930s.

Back in 1908 if you wanted a General Motors car you probably came and picked it up yourself and drove it home. It wasn't long, though, before car dealers began to sprout up. They accepted the responsibility of getting the cars from the assembly plant to their showrooms where they could display them to potential buyers.

Of course, there was only one way to get the cars to the showrooms: Drive them. Some dealers hired men to bring the cars back for them, while others took advantage of the services of entrepreneurial brokers or driveaway companies.

The poor quality of the roads in those days effectively limited the distribution of even the big auto manufacturers of the day to a fairly small area. And even then, the weather frequently rendered the sand, dirt, and clay surfaces impassable. The head of one of the old driveaway companies recalled how even a short delivery in the 1920s was no small task.

"It was nothing to start out of Flint (Mich.) in the early morning and get as far as Holly or Fenton, 18 or 20 miles out of Flint, and have to put up there for the night by 9 or 10 o'clock that evening," said the head of Murray J. Dailey Driveaway in 1937.

As auto sales grew, so did these driveaway firms. Dailey Driveaway handled 116,000 cars during 1928-29, and employed more than 1,000 drivers. The companies improved on the inefficient one-man/one-car practice by using towbars to link two cars together.

But even in the early 1920s consumers and dealers were expressing a preference for fresh cars that had not been "driven through." Some of the driveaway firms anticipated the change and supplemented their operations with trucks that could carry two cars. The Dailey Driveaway company had 18 tractor-trailers in operation as early as 1921.

Later, in 1931, Dailey sold out to U. S. Truck Lines Inc. of Delaware, which merged the operation into a small general freight carrier named Anchor Motor Freight Inc. By that time the driveaway service had mostly given way to truck transportation.

Originally the driveaway firms and auto haulers solicited the car dealers for business. But in the mid-1930s, a major change was made: Chevrolet assumed control of the shipment of new cars to dealers, and GM's other divisions followed suit. The decision brought the manufacturers better control over their products as they moved through the distribution channels.

Anchor Motor Freight was selected as one of Chevrolet's principal agents, serving Michigan, Indiana, and Ohio. The carrier, which later was sold by U. S. Truck Lines and subsequently became the foundation of Leaseway Transportation Corp., is today GM's largest single car hauler, moving more than 25 percent of GM's total production.

Even in the late 1930s, the car-carrying truck companies were limited in their distribution of new cars to no more than a few hundred miles from the production plants, in most cases. Macadam road surfaces had made long-distance auto travel less treacherous, but the national highway system was still a patchwork.

Cars ordered from more distant points were frequently shipped by rail in various states of assembly. The railroads later developed special equipment that could accommodate four assembled autos in a box.

Faced with the growing competition of the railroads for the lucrative car-carrying business, the trucking companies improved the capacity of their equipment from two and three cars in the early 1920s to four cars per trailer by the 1930s. In 1932 Anchor Motor Freight introduced the double-decker trailer which enclosed the two bottom cars and carried two others on top.

State restrictions on trailer lengths limited auto carriers to the four-car unit through the '40s and '50s. At this time truckers came to dominate the auto-transport business. Their share rose to 61 percent in 1948 and to a peak of 85 percent in 1959. But by the late 1950s railroads were experimenting with new rail car designs; in 1959 they introduced "piggyback" transport of car trailers. Shortly thereafter they introduced the even more successful multi-level rail car, which attracted a large portion of the automakers' business.

The multi-level rail car forced many small motor carrier auto transporters out of business. But the carriers that remained fought to offset the railroads' advantage by pushing the allowable highway length limits in some states from 40 feet in the mid-1950s, to 48 feet, 50 feet, and then 55 feet. By the late 1960s, 60-foot trailers were permitted in a few states.

The liberalization of the length laws helped keep down the cost of delivering automobiles. The standard four-car trailer of the '30s, '40s, and '50s gave way to the five-car trailer and then in the mid-1960s, the six-car trailer. By the mid-1970s, trailers carrying nine cars were allowed to operate in most states.

In this period of resurgence, the motor carriers also benefitted from the creation of highspeed state turnpikes and later the interstate highway system. Meanwhile, rail service was declining; the speed and reliability of truck transportation more than offset the railroads' small price advantage.

Today the railroads have upgraded their operations and provide strong competition to the motor carriers. Fully enclosed multi-level rail cars protect the automobiles from the elements and from vandalism while enroute to the dealers.

Between them — and often in tandem—the railroads and specialized motor carriers transport tens of thousands of GM cars every day from assembly plants to dealer showrooms. And the innovations that have marked their services over the years continue.

For example, Anchor Motor Freight has won permission to use specially designed double trailers on selected highways. Anchor also unveiled a unique trailer called the AutoBox last year. It carries eight cars in one direction and can be converted in 10 minutes to handle a sizable load of general freight on the backhaul.

Perhaps the most significant innovation in auto hauling since the introduction of the double-deck trailer is a new computerized scheduling system developed by Anchor for General Motors. The system draws on GM's finished car inventory to build trailer loads that deliver the most cars for the least miles driven, within the constraints of service and loadability of the rigs.

It is estimated that this new system, combined with changes in production scheduling needed to fully drive it, will save millions of dollars a year in transportation costs.

The development of specialized transportation systems to bring cars from plant to market was a key element in the long success of GM. The company's early decision to control the distribution of its cars brought valuable stability and efficiency to the operation.

GM's control, combined with the efforts of the various transporters, hastened the penetration of the automobile into the farthest reaches of the American continent and helped keep the cost of a new car within reach of millions of Americans. □

itself in a lawsuit by asserting the failure of a retailer to act in good faith.

Another amendment knocked out the double-damages provision. Damages a dealer could obtain were limited to actual damages sustained.

Early in the debate, Potter tried, unsuccessfully, to have the bill recommitted to the Judiciary Committee so that public hearings could be held. That would have killed the measure because of the time element.

Time was extremely important. Supporters of the good-faith bill were working with one eye constantly on the calendar. Remember, 1956 was an election year, and one-third of the senators and all members of the House were anxious to get home and start convincing their constituents that they should be returned to Congress in the fall balloting.

• In the House, the bill was sponsored by Rep. Emmanuel Celler, New York Democrat and chairman of the Judiciary Committee. The committee adopted several amendments, the most important of which was a change in the definition of "good faith."

The new wording called good faith "the duty of each party to a franchise to act in a fair and equitable manner toward each other to guarantee the one party freedom from coercion, intimidation or threats thereof from the other party; provided that recommendation, endorsement, exposition, persuasion, urging or argument shall not be deemed to constitute a lack of good faith."

This was a concession to the factories. They had claimed that the Senate language would have precluded them from exercising normal sales efforts on dealers.

Late in July, the House passed the bill by a vote of 146 to 45—not as overwhelming a margin as in the Senate, but comfortable nevertheless. The Senate agreed to the House amendments by voice vote, so no conference was needed. Another time saver.

President Eisenhower signed the measure on Aug. 8, 1956, although he said he did it "reluctantly."

He said he normally would consider it an intrusion of the federal government into private business, but he said he was signing it because it represented a serious congressional effort to deal with auto-industry abuses which Congress had found to exist.

Thus ended the "Year of the Dealer."

• The good-faith law has been on the books for 27 years. It is one of the most vital pieces of auto dealer legislation ever passed by the United States Congress, but it is not easy to pinpoint the exact results of the measure.

One thing it is not: It is not an "open sesame" that enables a disgruntled dealer to raid the treasury of the manufacturer.

A dealer cannot drag a manufacturer into court and expect to win his case simply by alleging "coercion" or "intimidation" or "lack of good faith." The federal courts are not pushovers; the dealer must have a well-prepared and well-documented case if he hopes to prevail.

And, as noted above, the good-faith sword cuts both ways. A shoddily presented case by the retailer could run up against a claim by the manufacturer that the dealer, himself, failed to act in good faith.

There is, however, no doubt that the law has been effective. Perhaps its greatest value has been as a deterrent, a barrier against a repetition of the practices that spawned the legislation in the first place.

The factories know it is there; the dealers, their attorneys and their trade associations know it is there, and all parties know it can be invoked when needed.

In the past quarter-century, there has been no full-scale dealer rebellion like that of 1955-56. Maybe that is the prime testimonial to the worth of the good-faith law.

That's not to say that factory-dealer front has been completely calm and quiet at GM or anywhere else in the intervening years.

Factory-dealer relations can never be perfectly tranquil. The manufacturers are sometimes rather imperious in communicating with their retailers. And the interpretation of a factory directive may suffer as it proceeds from central office to region to zone to district (the GM chain) to dealer.

And dealers resent factory interference, especially if it means more paperwork or if it increases their cost of doing business. Dealers are highly independent individuals. Most of them are capable businessmen. They're generally prosperous (although they suffer mightily during a slump like the current one). And they "don't take nothin' from nobody."

The elements are present for constant turmoil. The two sides get along as well as they do because of the efforts of a lot of competent, hard-working people in both camps.

• As mentioned above, the 1956 franchise remains the basic document at GM. Changes have been made to meet new situations in the industry, but there has been no allout reworking of the selling agreement.

One of those changes came in 1965 when Cadillac switched from a dealer-under-distributor to a direct-dealer type of distribution. Cadillac had been setting up a field organization for some years, and it told its distributors in 1960 that they were signing their last five-year contract as distribtuors.

The distributors weren't surprised, but they probably weren't overly pleased, either. As distributors, they received an extra discount (about 2 percentage points) on the cars they moved to the dealers under them. It was a nice piece of change. After 1965, the former distributors could continue as regular dealers if they wished.

The change was unnoticed by most GM dealers, and it didn't create any problems at Cadillac.

The 1975 franchise contained potential fireworks, but the situation was defused, largely through the efforts of William E. Hancock Jr., NADA president, and John J. Pohanka, Hancock's successor as head of the dealer organization. Both are GM dealers.

An NADA analysis found that the 1975 GM contract had several provisions that were stricter than those in the 1970 pact. Most onerous, NADA said, was a clause stipulating that GM could terminate a dealer immediately for any false claims or supporting statements to GM by the dealer or his employes, even if the dealer did not know of the false statement.

It was believed that this provision stemmed from a warranty fraud in the Northeast that was dubbed "Motorgate," but a GM dealer relations official denied that that was the case.

Other objections by NADA and dealers to the franchise involved dealer participation in advertising and sales promotion programs; an apparent requirement that the dealer get into rental and leasing if GM thought it was a good idea, and rules on the disclosure of use of dealer facilities which, NADA felt, might impede a GM dealer from taking on an import because GM might force the dealer to expand his facilities.

When the NADA analysis was released, Hancock remarked that NADA had held "what we thought were meaningful talks" with GM officials for over a year in regard to the new contract, but "it is amazing what happens to the work of reasonable men when it gets to the GM financial and legal departments."

• All the ingredients for a major blowup were present. The franchise was signed by GM dealers ("What alternative did they have?" Hancock asked) and went into effect Nov. 1, 1975, but NADA continued to work for modification.

The efforts bore fruit. Early in 1976, GM sent a letter to its dealers which spelled out its intent and policies regarding the new pact. The letter interpreted the clauses which dealers found unduly harsh and restrictive and eased apprehension at the dealer level.

For example, on the false-statements issue, GM said such actions would not bring termination unless they were "so contrary to the spirit, nature, purpose or objectives of the franchise" as to warrant termination. And the circumstances would be discussed with the dealer and reviewed by the divisional field and central office sales management as well as corporate management.

Said Pohanka, "This is a way of changing by letter rather than rewriting the whole agreement. We have a legal instrument that will stand up in court."

Hancock said the letter was "responsive to important dealer questions and makes a contribution

GM DEALER TOTALS

JANUARY 1 OF EACH YEAR

	1941*	1955*	1960*	1965	1970
Buick	2,850	3,505	3,112	3,110	3,090
Cadillac	1,070	1,732	1,749	1,705	1,635
Chevrolet	8,000	7,493	7,078	6,670	6,280
Oldsmobile	3,204	3,841	3,750	3,475	3,355
Pontiac	3,579	4,023	3,650	3,500	3,380
Total franchises	18,703	20,594	19,339	18,460	17,740
Net dealers	17,000	17,000	14,295	13,680	12,520
Corporation					

	1975	1980	1983
Buick	3,040	3,050	2,910
Cadillac	1,620	1,630	1,575
Chevrolet	6,060	5,875	5,195
Oldsmobile	3,325	3,315	3,135
Pontiac	3,275	3,220	2,945
Total franchises	17,320	17,090	15,760
Net dealers	11,860	11,425	10,160

*—Estimated.

1923-1983

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Providing the capital

Motors Holding: 'One of the best ideas'

Any discussion of GM and its dealers would be incomplete without mention of Motors Holding Division, a unit of the Sales and Marketing Staff that helps provide the capital needed by newly appointed GM dealers.

Alfred Sloan called it "one of the best ideas we ever had in the distribution field."

Motors Holding has been in business 54 years and has invested $665 million in 3,200 dealerships.

There are 415 on the books today in the U. S. and Canada. Of the other 2,785, some 2,350 dealers have paid back MHD and have become full owners of their businesses. That's a buyout rate of nearly 85 percent.

It's been profitable for GM, too, since MHD shares in the profits of the dealership during the buyout period. The $665 million has not been advanced by the corporation strictly out of benevolence.

Motors Holding started almost by accident. In the late 1920s, GM put up a goodly amount of money to save a couple of strategic dealerships from bankruptcy and sustained a loss of $200,000.

Sloan wrote in My Years with General Motors: "One thought leads to another, however, and when we got this one generalized, we realized that our broad purpose should be not only to reduce dealer turnover by subsidizing dealerships, but furthermore to assist capable individuals, who lacked capital, to become the owners of profitable GM dealerships."

The project was turned over to Albert L. Deane, who was a vice president of GMAC, and to Donaldson Brown, whose name seems to surface in just about every GM activity involving money during the Sloan era.

Motors Holding Corp. was formed in 1929 with Deane as president. It became Motors Holding Division in 1936. GM put up $2.5 million to get it off the ground.

Sloan wrote, "When we got past the experimental stage, we realized that this was one of the best ideas we ever had in the distribution field.

"We also realized that its real value was not in the first idea of salvaging bankruptcies, but in the second idea of grubstaking capable men—not only with capital but with management advice and training in sound dealership operations."

• In that best-seller of 20 years ago, Sloan summed up the value of Motors Holding to GM in these words: "Through its intimate association with dealers in the Motors Holding operation, General Motors has obtained a clearer and more intimate knowledge of dealers' problems.

"Motors Holding has also provided the corporation with a better knowledge of the retail market and consumer preferences.

"But more important than anything else, it has been useful in the development and maintenance of a strong, well-managed, adequately capitalized dealer body."

And the GM patriarch couldn't resist a well-mannered jab at the corporation's rivals, noting that similar plans had been adopted by Ford Motor Co. in 1950 and Chrysler Corp. in 1954. He quoted Herbert M. Gould, a former MHD general manager, as saying, "When your competitors follow you, that's the medal in business."

In his book, Sloan mentioned some facts and figures for Motors Holding's first 33 years (1929-1962). Comparing those numbers with today's shows the growth of the division in the past 21 years and also the tremendous increase in the financial requirements of today's dealerships.

From 1929 through 1962, MHD invested some $150 million in 1,850 dealerships in the U. S. and Canada.

As of mid-1983, the overall total had risen to $665 million invested in 3,200 dealerships.

That means that MHD has invested $515 million in 1,350 dealerships since 1962.

At the end of 1962, the division had investments of $32 million in 457 dealerships in the U. S. and Canada.

In June of this year, total investment was $180 million in 415 outlets ($160 million in 360 U. S. dealerships and $20 million in 55 Canadian points).

• In its 54 years, Motors Holding has had only three bosses. Deane ran things from 1929 to 1949, and Gould was general manager for the next 10 years. Current chief is William Harvey III, who has been with the division since 1948 and who has been general manager since 1959.

His 24-year tenure is probably the longest in GM history for the general manager of one division.

It's GM smallest division with 130 employes in the U. S., four in Europe. It has responsibility for Motors Holding operations in the United Kingdom and West Germany and overview activities in Australia and South Africa.

In the U. S., the average investment in a GM dealership today is about $500,000. Sometimes more, sometimes less; the size of the dealership determines the actual amount.

Of that $500,000, the dealer applicant generally puts up about $125,000, or 25 percent, with Motors Holding supplying the rest.

Those numbers are for working capital and fixed assets; they do

toward removing dealer objections to the agreement."

Pohanka and Hancock led the NADA officials in the meetings, and Hancock praised the help of GM Chairman Thomas A. Murphy and President Elliott M. Estes.

In addition, NADA's GM Make Committee, headed by Walter W. Stillman and including the chairmen of GM's six national dealer council's, met frequently with the NADA legal staff to determine and specify the nature and scope of dealer objections to the franchise.

It was a case of solving a problem by negotiating rather than by confrontation.

Did GM back down? Did NADA tame the giant? Does it really matter? The important thing was that a difficult situation was settled amicably. □

1931 Packard Model 840 Dietrich Convertible Victoria.
Owner: Robert T. Achor.

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MARTIN SENOUR PAINTS

Paints, Tapes, Abrasives and Adhesives

This is the plaque a GM dealer receives upon completing the buyout of the Motors Holding interest in his dealership. It's called the Oak Tree Award.

not include real estate investment.

Motors Holding may supplement its regular or franchise investment to cover real estate. At least half of the facilities cost must be obtained by a conventional mortgage loan. The balance may be supplied by MHD under a prescribed formula.

In the last 10 years, Motors Holding and its dealers have invested about $135 million in real estate, not including mortgages.

The $500,000 average is about double what it was 15 years ago, which is natural because dealerships are much bigger now.

Harvey mentioned inflation and the general economic situation as contributors to the higher number plus the fact that today's dealership is "more sophisticated" in terms of electronic equipment, diagnostic systems, accounting systems.

"Everything costs more and is more complicated," he said. "Parts are more complex, just as the cars are."

The dealer normally provides 25 percent of the required money for working capital and fixed assets but, Harvey said, "This is a policy we waive with some frequency.

"Our basic mission is to attract the best competitor, and the best competitor is often not the one with the most money. He may be younger, and may not have had the opportunity to accumulate $125,000 after taxes.

"We will stretch a point for a good, solid, experienced person of superior qualifications."

• A dealership in which Motors Holding is involved has a three-person board of directors. The dealer-operator is president, and the other two directors are the MHD branch manager and regional manager.

Said Harvey, "We feel very strongly that the president must have all the freedom he needs to run the dealership his own way—hiring and firing, merchandising, etc."

The dealer repays MHD's investment through his share of the dealership's profits, which he receives in the form of dividends and bonus. As the dealer's equity in the company increases (through the buyout process), his share of the profit increases and MHD's share decreases.

There is no fixed term for the buyout, but Harvey said it usually occurs between five and six years. Perhaps 6½ years now, in these less-than-ideal days for the retail auto business.

That's a bit longer than in the mid-1960s, when the buyout time averaged a little less than five years.

If the dealership is losing money, Harvey said MHD will stick with the dealer "as long as there is any reasonable prospect of success.

"The attitude, character and ability of the operator are the principal determinants," he said. "Most failures are the result of management failure, rather than economics."

A prospective dealer goes to Motors Holding for financial assistance only after being chosen by the vehicle division. He cannot get MHD approval first and then use it as a lever to obtain a franchise.

If MHD turns him down, his franchise application isn't dead, but he must arrange financing elsewhere.

Is Motors Holding a banker?

"Not really," Harvey said. "We can cope with a greater spectrum of risk than other lenders because we have a more complete understanding of the risk and the management required for success in this field."

He added, "Money is the easiest part of our business. The most difficult part is knowing how much assistance to give through our branches.

"It is destructive to interfere with a dealer who is performing well. It is also destructive to ignore a dealer who is not." □

One of Buick's oldest

Stillman & Hoag started in '08

Horseless carriages vied with horse-drawn buggies for road space, and scaring horses with a clackity engine or a backfire was an occurrence that provoked either anger or amusement during the automobile's infancy.

The auto industry was barely a decade old in 1908 and America was filled with an exuberance that wouldn't wane until the realities of World War I struck the nation. But that was 10 years away and the automobile, for all its faults, was the transportation wave of the future. Grabbing onto that future, at a time when buying an automobile was literally buying a kit (this was the original "kit car" age) were Walter "Colonel" Stillman and Daniel Hoag. The two men decided to change businesses and start assembling automobiles.

From that beginning Stillman & Hoag Buick was founded. Today it is one of the oldest and one of the largest Buick dealers in the nation.

The dealership, located in Englewood, N. J., has sold Buicks from 1908, before Buick Motor Co. became part of General Motors. Obviously the car business was entirely different in those days.

Walter "Bud" Stillman, son of the founder and chairman of the board of the firm, noted that the dealer franchise system used today was unknown. Instead manufacturers sold their vehicles to distributors who in turn sold them to retail dealers. Stillman & Hoag became a franchised Buick dealer in 1917 when the system was founded. By then, Stillman said, the company was "down to selling Buicks" since the other marques they started with in 1908 — Locomobile and Haynes — had left the automotive scene.

"Bud" Stillman formally started working at the dealership when he was 17, though, as with any family business, he was part of it since childhood. He began in the service department, which was more a repair shop with a blacksmith as part of the operation. The blacksmith was needed to forge parts for cars.

After working at the dealership through high school and during summer vacations from Cornell University, Bud joined the business full time as a salesman following graduation.

In the early 1920s, selling cars was entirely different from today, he recalled. Yes, there was a showroom, but business was not done there; cars were sold at customers' homes.

"Autos were merchandised door to door," he said. "There was a different feeling about cars; people

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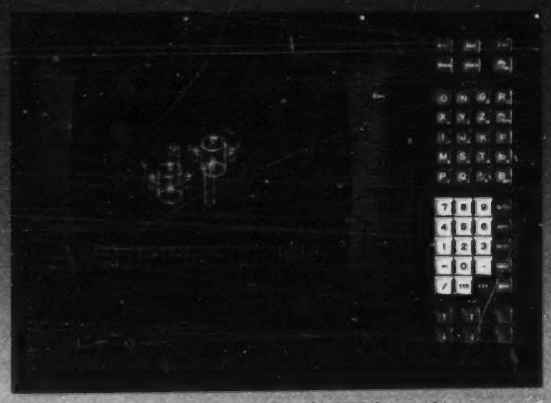

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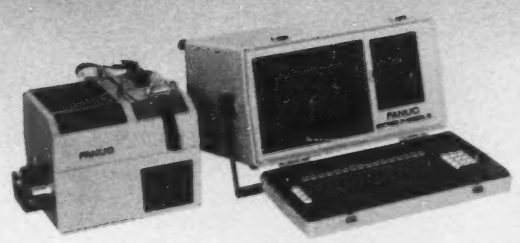

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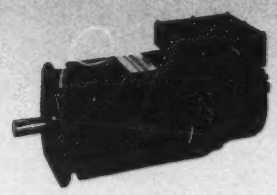

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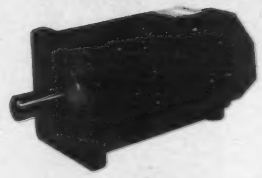


FANUC AC SERVO MOTOR series

were really interested and the salesman had a closer relationship with customers than today."

The dealership had three salesmen, plus "Colonel" Stillman and Daniel Hoag who also sold cars. Each salesman had a territory to cover, and could work 75 to 80 hours a week, keeping in touch with customers by phone or, if in the neighborhood, stopping in to chat for a while.

Customers expected such personal treatment. Even when his father or Hoag sold a car, Bud Stillman said, the salesman received a small commission and the customer was turned over to him for personal attention.

While car selling is not operated on a door-to-door basis today, Bud Stillman maintains that most sales are lost because sales people are unable to develop personal relationships in a showroom environment.

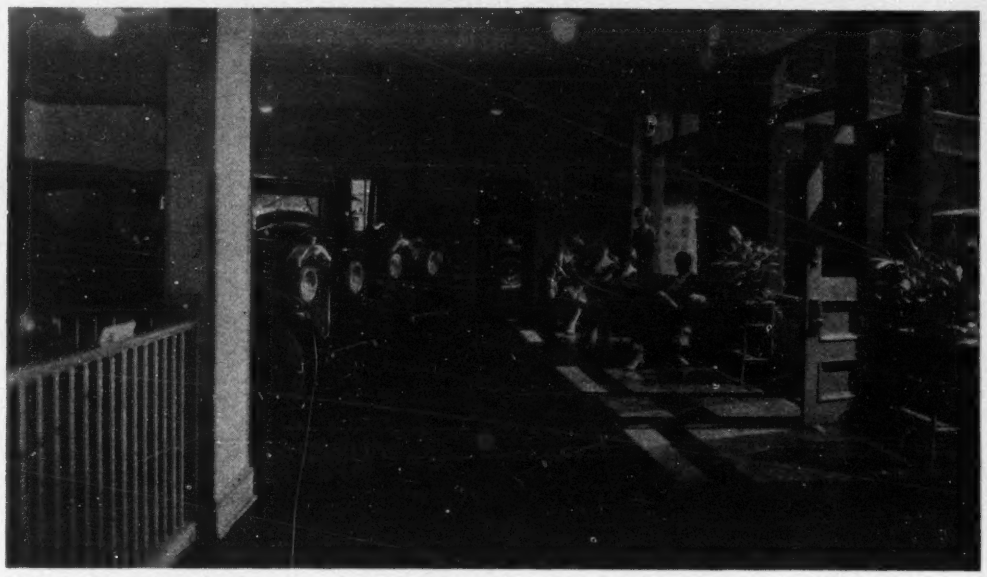
"Selling was a matter, in those early years, of knocking on doors during the day and stopping by during the evening for a demonstration ride," Stillman said. "It was also placing cars at strategic locations, such as the railroad station, and trying to convince commuters they would be happier with a car."

In 1930 Daniel Hoag died and by 1932 "Colonel" Stillman became sole owner of the company, although its name has been retained to today. The name was retained because the company had developed a reputation in its market area.

In 1937 the "Colonel" died, and Bud became president of the company. By 1939 the dealership outgrew its original location on Engle Street and moved to its present location on Grand Avenue.

By the time car production stopped during World War II, the company was selling 600 new cars and 350 used cars a year. During World War II, Bendix Corp. used the service area of the dealership for U. S. Army work.

After the war other parts of the Stillman & Hoag operation began to take shape. Bud started a leasing and rental business to capitalize on postwar pent-up demand for automobiles, and the lack of supply. He also formed Englewood Tire Distributors.



The Buick sales showroom of Stillman & Hoag in the early 1920s.

Bud has been active in dealer affairs for years. He served as president of the New Jersey Automobile Dealers Assn., as New Jersey director for the National Automobile Assn., and recently received a plaque from the Automotive Hall of Fame.

After 26 years at the helm of the dealership, Bud moved up to chairman in 1972 and his son, Robert, became the president of the company.

Robert Stillman noted that while the company can't offer the personal touch of the old days, since it sells 1,500 new and 350 used cars a year, and works on as many as 120 a day in the service department, it still tries. He and his father both spend time in the showroom.

Robert's career in the family business is a replay of Bud's. At 16 he started in the service department as an apprentice mechanic. He worked at the dealership during high school and college, moving to various positions including service dispatcher and parts assistant. After graduation from Cornell, Robert served in the Army, then returned to work in the leasing operation of the company. In 1962 he returned to the dealership as operations manager, became general sales manager, then president.

The Buick product is the backbone of the business, Robert acknowledges, stating that "we started with them (Buick) and they are the key."

During his 33 years with the business, Robert said, consumers have changed: "Their expectation levels are higher and they expect more; consequently, service is extremely important to the overall operation."

Stillman & Hoag marked its 75th anniversary this year. In recognition of that diamond anniversary year, and the fact that Stillman & Hoag has been family operated since its inception, Bud and Robert Stillman were presented a special plaque, personally, by Buick Division general manager Lloyd E. Reuss.

Encased in the plaque is a letter from GM chairman Roger B. Smith and president F. James MacDonald.

Before long the fourth generation will enter the Stillman & Hoag family business, as John, Robert's son, joins his father and grandfather, who promise that the young man "will start as an apprentice." □

—John A. Russell

75th Anniversary

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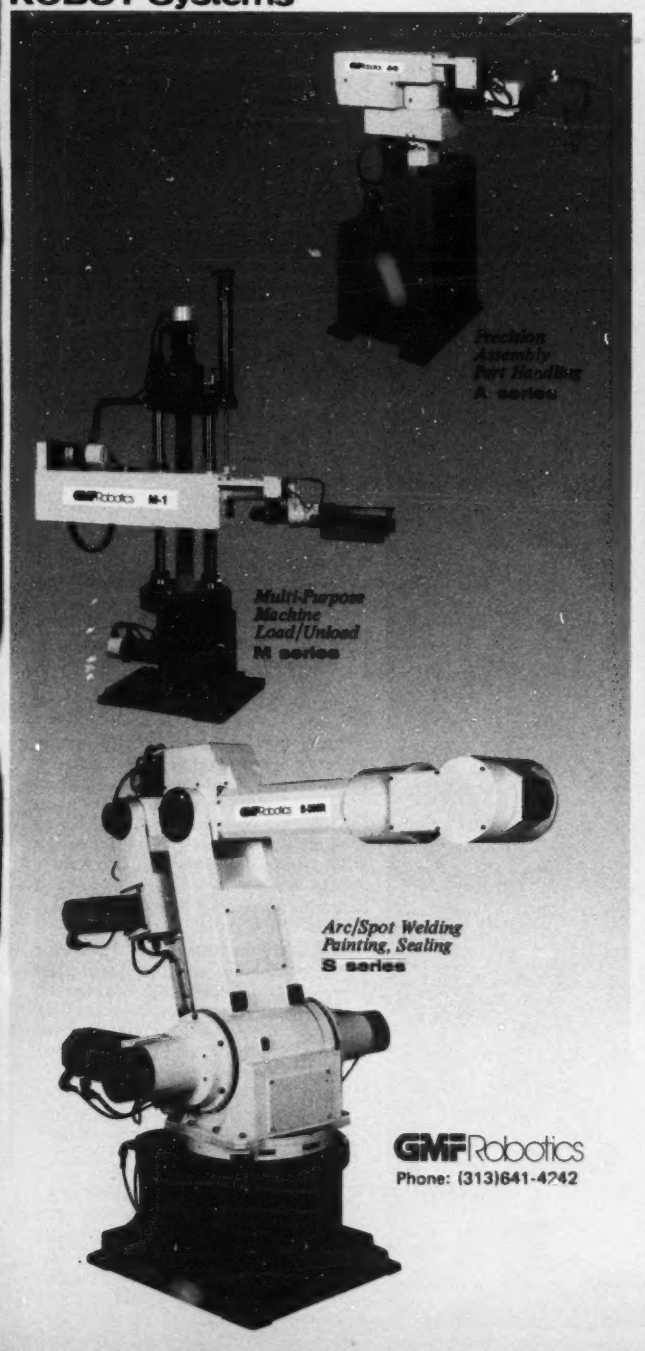
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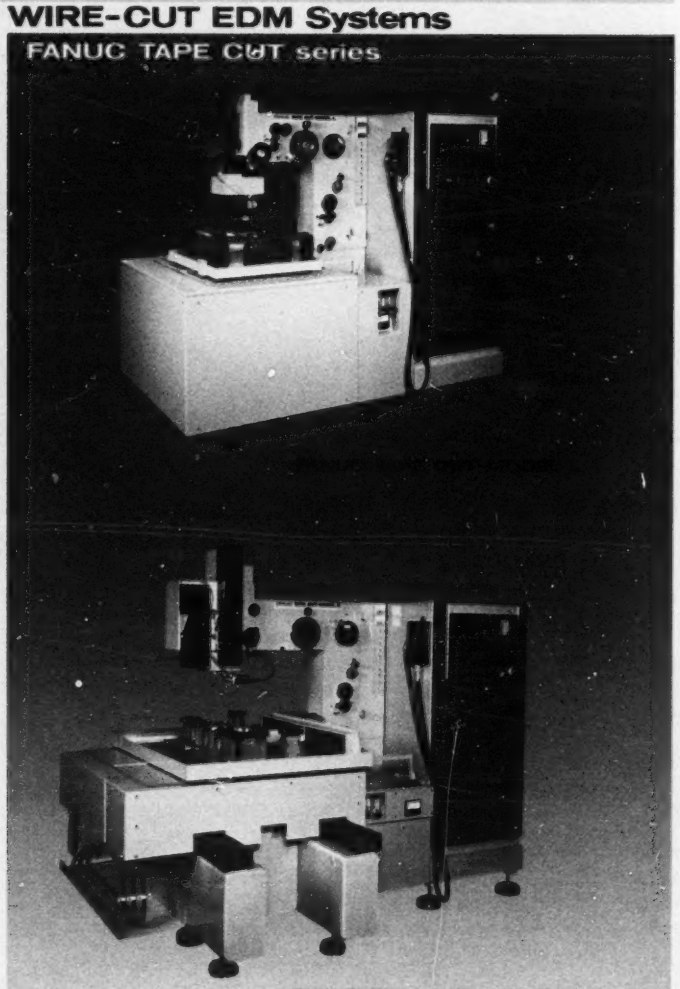

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TOKYO JAPAN

Opening up the West Coast

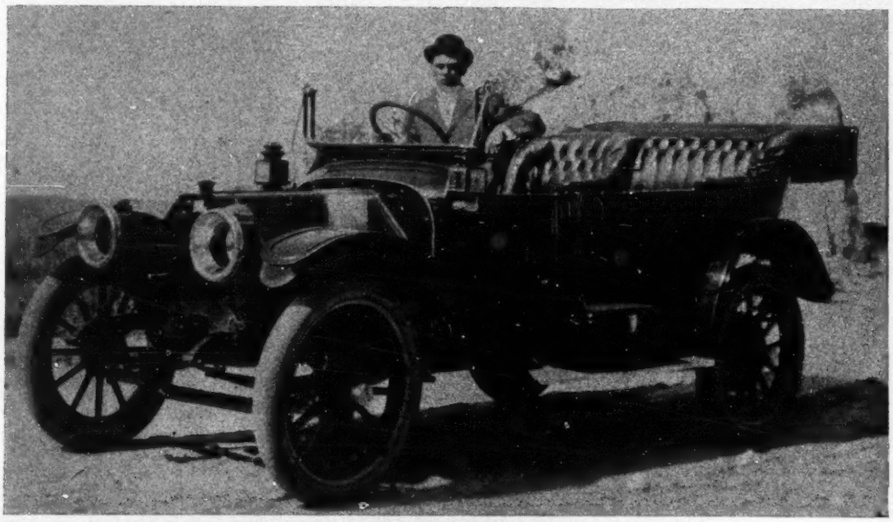
'You had to teach . . . to make a sale'

Seventy years ago in the small, orange-growing community of Redlands, Calif., some 60 miles east of Los Angeles, a car dealer who sold Franklins and Columbus Electrics took on a Buick franchise.

The Buick business outlived the other two car lines and the man himself, who nonetheless would see his sons take over the dealership and take pride in the prospect of it passing along to a third generation. It is by far the oldest General Motors dealership held continuously by one family in Southern California.

GM was five years old when Bert S. Hatfield, in partnership with a general agent from the Santa Fe railroad, by the name of Pettibone, acquired the Buick franchise here. At that time Buicks were handled on the West Coast by Howard Brothers Co., a distributor located in Los Angeles.

Hatfield, who was 29 at the time, had moved to California from Columbus, O., four years earlier. Son of a farmer and graduate of a technical school in Columbus that made him the equivalent of an electrical engineer, Hatfield sold electric cars that hailed from his hometown. Hatfield's son, Robert S., who runs the dealership with his brother John, said his father would travel to the port in San Pedro, south of Los Angeles, to pick up electric cars which were shipped from the East Coast via the Panama Canal. "It would sometimes take him two days to get back since the range on the batteries was so limited," Hatfield said.



Bert S. Hatfield, around 1913, with his first Buick demonstrator in Redlands.

Back then cars were primarily the province of the wealthy, and Redlands, thanks to its climate, was home to well-off citrus farmers and the rich from the East who would winter in the Southern California town.

Since the automobile was a relatively new invention, many of Hatfield's customers didn't know how to drive. "You had to teach them if you wanted to make a sale," Bob Hatfield said. In those early days the elder Hatfield operated out of what was once a stable, renting the facility for 25 years before moving across the street into a more conventional car dealership.

"That building (the stable) was located right next to the Elks Club, which was the center of the community in those days," Hatfield said. "He used to sell 50 or 60 cars a year. Service was very important, people couldn't drive to San Bernardino (less than 10 miles away) without needing a new tire or something."

Addition of the Buick franchise meant fewer trips to the port in San Pedro since the Buicks arrived in Redlands by rail. Some of Bob Hatfield's earliest memories are of going to the rail yards when the new cars came in. "I remember going down there with a crowbar and prying off the wooden blocks that were nailed down to hold the cars in place," he said.

Like GM, Hatfield Buick has weathered the ups and downs of the economy, surviving wars, the Great Depression and recession. "During World War I my father told me that cars were hard to get, and of course, during World War II they weren't building any cars," Hatfield said. Once during WWI, when meat was hard to get, Hatfield said his father took a stake in a farmer's lot of pigs as down payment on a car. The elder Hatfield was promised his money once the pigs went to market. "Well, my father went over to see this farmer to check on the pigs and the farmer told him, 'I don't know where they went'." That was the last time Hatfield Buick dealt in livestock.

While the '20s were good for the dealership and the town prospered, the Depression was one of the most difficult times, Hatfield said. "There were '32s on the showroom floor until the '33s came out," Hatfield recalls. "It was difficult." Staying in business depended on "how much money flow you had. Some things haven't changed a bit over the years," he said.

As bad as the Depression was, the late '30s saw somewhat of a boom as President Roosevelt sought to prime the pump by giving WWI veterans cash payments of up to $1,000. "We sold as many or more cars in '36 as we did in

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'34 and '35," Hatfield said.

Then WWII came and Bob and John Hatfield were called to war. When they returned, there was no question of what they would do—they both came back to the dealership.

"John's always handled the service side and I handle the other part," Hatfield said. While both attended school in Redlands, they worked at their father's store. "I found myself neglecting school, I wanted to have a shift at the store. My brother was the same way," Hatfield said. At the time, "none of the (dealer) heirs really wanted to go into it. To them there was no career to follow."

Bob and John were different. Bob went on, after the war, to attend General Motors Institute in Flint, Mich. In the early '50s the brothers began buying into the store.

Those postwar years were good, Hatfield recalls. "My father used to tell me, 'We don't need salesmen, we need someone who can get us cars'," he said with a chuckle.

It was during that period that one of GM's luminaries visited the Hatfield showroom. "Harlow Curtice (who became president of GM in the 1950s) came here once," Hatfield said. "There was a sales meeting up in Las Vegas and I remember riding out here with my father and him (Curtice) because we were so close to Palm Springs."

It's people Hatfield remembers the most, from Curtice to neighbors who've bought cars time and time again. "The car business is fascinating, there's something different everyday," Hatfield said. While his father, if he were still around today, might recognize some of the names of the customers and that cash flow is still important to business, there are other things that aren't the same. Noting the clicking sound from a computer terminal in the next room, "Can you imagine a place this small with a computer?" Hatfield asked.

Despite the changes, Hat[illegible] has developed a philosophy towards the business that has served him well. "My father used to say, 'Don't worry about the future, it can only get worse'," Hatfield laughed. "But you learn over the years that (business) isn't always going to be so good and it's always not going to be so bad. In a small area like this, you know if you've sold a lot of cars in a couple of years that you've pretty much saturated the market and things are going to be slow for a little while."

While Hatfield remains active in the store, he is secure in the thought that the franchise will remain in the family name for at least another generation. John's son, Bill, has been working at Hatfield Buick for eight years now, starting as a salesman and moving up to sales manager. "He's a natural," Bob Hatfield said. "He's almost repeating my career." And somewhere, maybe, Ben S. Hatfield is smiling. □

—*Matt DeLorenzo*

Irving J. Demarest, center, was Chevrolet's oldest dealer in point of individual service when he retired in 1982, after heading I. J. Demarest Inc., Westwood, N. J., for 68 years. Presenting a plaque to Demarest are, left, William K. Gerrard, Chevrolet Atlantic Coast regional manager, and Edd Roggenkamp III, Newark zone manager.

AC Sphinx

A sparking company

While the auto industry was going through its birth pains in the U. S., an equally vibrant industry was being born in England. Some segments of the British industry were to become parts of General Motors.

Sphinx Manufacturing Co., founded in Birmingham, in 1898, provides an early example. The company was created by H. G. Longford and William A. Clark to make small components for autos. By 1902 it had found its niche; it was making spark plugs by the thousands, and plugs remained its mainstay for decades.

In 1922 AC Spark Plug Co. Ltd. was formed in England by Albert Champion, the bike racing star who had just created AC Spark Plug Co. in Flint, Mich. The firm in England was set up to distribute the U. S. company's goods in England and the European continent.

In 1923, at the instigation of Champion, AC Spark Plug Ltd., amalgamated with Sphinx to form AC Sphinx Sparking Plug Co., Ltd. Ownership of the new company was shared equally by Lonford/Clark and AC Spark Plug.

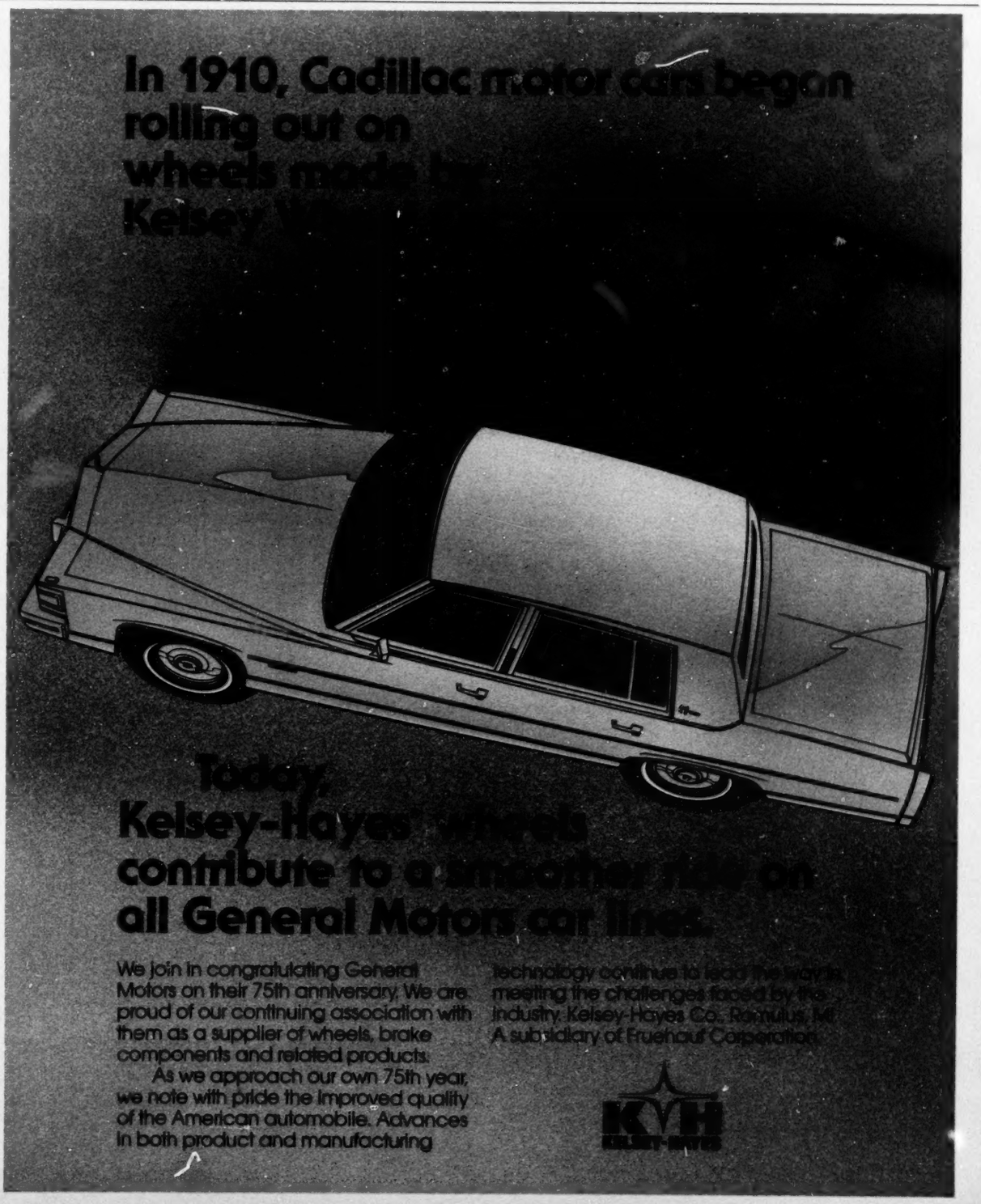
Later that year Champion bought Longford's share for $65,000. After Champion's death in 1927, Basil W. deGuichard, the new president of AC Spark Plug in Flint, bought Clark's 25 percent for $64,000. As a result the new English company became solely owned by AC Spark Plug of which GM owned a majority share.

GM purchased the remaining stock of AC Spark Plug from the Champion family in 1933, at which time AC Spark Plug, along with Sphinx in England, became a full-fledged division of GM.

If one term characterizes GM in the United Kingdom it is growth. By 1946 it had five distinct organizations there. AC Sphinx Sparking Plug, Delco-Remy and Hyatt, Ltd., Frigidaire, Ltd., General Motors, Ltd., and Vauxhall Motors, Ltd.

At that time, GM consolidated into two divisions, Vauxhall Motors and General Motors Ltd., with AC Sphinx, Delco-Remy-Hyatt and Frigidaire becoming part of GM Ltd. The name AC Sphinx Sparking Plug was changed to the simpler AC Sphinx Division.

A GM Ltd. Vehicle Division was established in 1967, and by the mid-1970s GM Ltd. had plants in five locations in England—Dunstable, Southampton, Liverpool, Wellingborough and Hendon. All were devoted almost entirely to making AC Delco components. □


In 1910, Cadillac motor cars began rolling out on
Today,
all General Motors car lines.
We join in congratulating General Motors on their 75th anniversary. We are proud of our continuing association with them as a supplier of wheels, brake components and related products.
As we approach our own 75th year, we note with pride the improved quality of the American automobile. Advances in both product and manufacturing
technology continue to lead the way in meeting the challenges faced by the industry. Kelsey-Hayes Co. Romulus, MI. A subsidiary of Fruehauf Corporation.
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Automotive News

September 19, 1983

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Porsche set for takeover of its U.S. sales from VW

By Richard Feast
European Editor

FRANKFURT, West Germany. — The Porsche factory is well advanced with a plan to take control of its own distribution in the U. S.

No confirmation of any pending divorce from Volkswagen of America was forthcoming at the International Auto Show here last week, but Porsche Chairman Peter Schutz said, "The clock is running."

Carl Hahn, chairman of the VW Group, said, "I have no comment to make about these suggestions."

Noel Phillips, president of VWoA, said, "The contract has not been canceled, but we are negotiating on the way in which the operation is run."

Any change would come after a market study is completed by Richard O'Leary, a Minneapolis lawyer who was appointed when his old friend Schutz became chairman of Porsche nearly three years ago.

It would have dramatic repercussions for the financially troubled VW Group which has handled Audi-Porsche sales in the U. S. since 1969. Any split off of Porsche would not involve the Audi-VW link in the U. S.

The U. S. will account for half of Porsche's 40,000 output this year. Porsche (and more recently Audi) business has been one of the few bright aspects of VW's recent record in the U. S.

A change would undoubtedly be stimulated by Porsche's desire to handle its own sales — and thus profits — directly. It has its own distribution in the domestic market and handles sales in key export markets like Great Britain and France either directly or with joint ventures.

Said Schutz, "We have a responsibility to the Porsche owner, to sell a car in the manner he wants, how he wants, when he wants.

"None of these things is happening right now."

• The agreement between VW and Porsche has been renewed every two years, but senior executives from both companies hint that there are get-out clauses in most contracts.

Schutz said Porsche is considering several options for its long-range planning. But the feeling is that it should change when Porsche is in a position of strength — which it is right now.

"Our rivals are getting stronger, and we have no exclusive rights on building fine cars with a reputation for engineering excellence," he said.

At present, Porsche has about 330 dealers in the U. S. It is looking for sales of around 20,000 this year, compared with 14,407 last year.

While the plan for the orig-

Continued on Page 42, Col. 5

Saab sheds its top

Design study car at Frankfurt

A Saab convertible, a design study car based on the new 900 Turbo two-door, is on display at the Frankfurt Auto Show. It features an electric retracting glass rear window operated from the driver's seat, a rear spoiler mounted on the upper back panel and sculpted into the belt trim moldings, a sweptback windscreen, 175-HP 16-valve turbo engine and leather upholstery. Top speed is estimated at more than 125 MPH. The design study car was built by ASC, Inc., Southgate, Mich.

Imports virtually gone with 25-day stock

U.S. inventory is 55 days, spotty

By Richard A. Wright
Assistant Managing Editor

While the domestic new-car inventory appeared to be healthy at 55 days on Sept. 1, the import pipeline was just about dry as the stockpile of new cars from overseas dropped to an incredible 25-day supply.

In fact, the 55-day supply of domestics was not as strong as it might seem. The actual number of U. S.-built new cars in stock dropped during August from 1,102,103 on Aug. 1 to 1,087,570 Sept. 1.

Stocks in some lines were low enough that sales suffered in August, all of which resulted in a higher days-supply figure (it was 48 days on Aug. 1), but in fact a weaker inventory situation.

In addition, that lower inventory figure of 1,087,570 included a number of new entries, such as Chrysler Laser, Dodge Daytona, Pontiac Fiero and American Motors/Renault Encore, for which no selling rates had yet been established.

On the import side, the inventory totaled only 195,418 new cars, a 25-day supply, compared with 227,819, a 26½-day stock, a month earlier. As was the case with the domestics, import inventories were so low that they kept a lid on sales, resulting in a days-supply figure that actually overstated the inventory.

Import dealers also had a meager 30-day supply of pickup trucks, which was 61,068 units, compared with a 52-day supply, or 88,209 units, a month earlier.

• The domestic new-car inventory was divided this way Sept. 1: General Motors, 56.57 percent; Ford Motor Co., 26.18 percent; Chrysler Corp., 12.63 percent; AMC, 3.20 percent, and Volkswagen of America, 1.42 percent.

A month earlier, the domestic inventory was divided as follows: GM, 59.85 percent; Ford Motor Co., 23.05 percent; Chrysler Corp., 12.97 percent; AMC, 2.63 percent, and VWoA, 1.50 percent.

GM had a 52-day supply Sept. 1, up from a 47-day stock a month earlier. The inventory was higher, partially at any rate, because of depressed sales rates due to lean inventories of J-cars and some standard and luxury lines. Lowest domestic nameplate stock of all was Corvette, at 23 days.

Ford Motor Co. entered September with a 63-day supply, up from 49 days a month earlier. Here again, August sales were hurt by shortages of Escort, the company's top-selling car. Ford was also selling off stocks of the discontinued Fairmont and Zephyr lines.

Chrysler Corp. had a 57-day supply Sept. 1, up from 48 days a month earlier. The corporation's well-balanced stock was the lowest in big cars.

AMC had a 52-day supply

Continued on Page 42, Col. 1

breaking news

Toyota prices up $254 for '84

TORRANCE, Calif. — Toyota announced a price hike of $254, or 2.9 percent, for the '84 models it will sell in the U. S. The new front-drive Corolla Deluxe four-door sedan is $6,498, up $360, and the new Deluxe van wagon is $8,998.

GM offers dealer equipment-purchase plan

DETROIT. — General Motors is notifying dealers of its newly formed GM Dealer Service Equipment Activity, a program that combines a team of trained consultants, select state-of-the-art equipment and a complete financing and direct-ordering package aimed at increasing sales and profits in the dealership service department. GM dealers will soon receive a catalog describing GM-branded equipment in the fol-

See BREAKING NEWS, Page 8, Col. 1

Chairman expects first 10-million-car year since 1979

GM's Smith sees 13.5 million sales

By Al Fleming
Industry Editor

General Motors is back in the forecasting game.

GM Chairman Roger B. Smith last Wednesday predicted U. S. car and truck sales will total 13.5 million in the 1984 model year, a 15 percent increase over 1983.

He looks for '84 sales of 10.2 million cars and 3.3 million trucks.

It was the first official annual sales prediction by GM since December, 1980, when Smith, about to succeed retiring Chairman Thomas A. Murphy on Jan. 1, 1981, said GM was looking for sales of more than 10 million cars and more than 2.7 million trucks for a total of "at least 13 million" for 1981.

As it was, '81 calendar year sales fell far short of that mark, with 8.5 million cars and 2.4 million trucks.

Since then, as the industry suffered through economic and marketing doldrums, GM has kept its forecasts to itself—until last week, when Smith spoke at a "Food for Thought" luncheon series at the Recess Club in Detroit.

Apparently the prospect of a revived economy and new-vehicle market prompted GM to go public with its 1984 model-year prognostication, which Smith said is "based on our view of the current economic outlook."

Should the outlook prove accurate, 1984 would become the first 10-million-plus car year in five years. It also would be the best car-truck total since 1979 when 14.7 million new vehicles were sold.

The improvement in 1984 would be about equal to gains posted in 1983 when some 8.8

Continued on Page 42, Col. 5

Cutlass Cruiser

Olds replaces its midsize wagon

Olds replaces its rear-drive Cutlass station wagon in 1984 with the roomier Cutlass Cruiser, based on the front-drive Cutlass Ciera A-car. With the increased cargo capacity, sheets of plywood can be hauled; with an optional third seat, there's room for eight. More on the new Olds models on Page 36.

NEWSPAPER

Danforth pushing Senate mandate

Air bags called unlikely with Reagan in office

By Helen Kahn
Washington Bureau Chief

WASHINGTON. — Two Administration officials — Diane Steed, whose name President Reagan has sent to the Senate for consideration as the new head of NHTSA, and Christopher DeMuth, head of regulatory affairs for the White House Office of Management and Budget — said no decision has been made on the passive restraint standard.

Senator John C. Danforth, Missouri Republican, however, feels strongly that no air-bag/passive belt standard will emerge so long as President Reagan remains in office.

In other words, regardless of what happens to the rulemaking at NHTSA starting Oct. 15, the philosophical bent of the Administration makes any NHTSA decision irrelevant.

The Danforth omnibus safety bill is set for markup tomorrow (Sept. 20) and while it may be reported from committee, Senate passage is extremely unlikely this year, much less final Congressional action.

The Danforth measure — opposed in almost all areas by the Administration — mandates air bags for '86-model cars and mandates anti-lacerative windshields, high-mounted stop lamps, and 5-MPH bumpers for '85 models.

It also urges a standard for greater side protection, plans for a Car Book and strengthens truck safety provisions. It also sets 21 years as the minimum drinking age and addresses problems of interstate motor carriers and transportation of hazardous materials.

Early testimony from the auto makers showed lack of support although Ford Motor Co. showed interest in becoming a supplier of driver-only air-bagged cars for the government test fleet.

• Last week, MVMA filed a statement which said Congress should not legislate design standards; instead, if standards are to be set, they should be done administratively by NHTSA after appropriate procedures and with acceptable leadtime.

In last week's hearing, even though Steed insisted she had not made a predetermined decision and absolutely denied receiving any "marching orders" from the Office of Management and Budget or from the White House, she admitted there was a "public perception" of White House disposition against passive restraints.

Steed further assured Danforth that NHTSA would make its decision in "considerably less" than a year. It will be "open and objective" and in line with the court's order to consider such alternatives as air bags and nondetachable belts. She does not plan "extensive new studies" and denied any intent to delay."

Danforth and others — young picketers who were removed from the room by Capitol police when they stood up to call DeMuth a "killer" — stressed that in the case of air bags, delay

Continued on Page 42 Col. 2

New roof for Ford LTD Brougham

The 1984 LTD Brougham has a new roof and a revised rear pillar/window treatment. LTD powertrain changes include the addition of electronic engine controls and the replacement of the 3.3-liter six-cylinder engine with a more powerful 3.8-liter V-6 with electronic fuel injection on the station wagon. Ford's new models go on sale Sept. 22.

Increase for '84 amounts to 2.3 percent

Ford hikes prices by $254 average

By John K. Teahen Jr.
Managing Editor

In the introduction-day price sweepstakes for 1984 cars, the tally sheet reads: Ford Motor Co., $254; General Motors, $232.

Who won? That depends upon whether you're a factory person who relishes the extra bucks or a would-be customer who abhors all price hikes.

Ford's $254, announced last week, amounted to a 2.3 percent boost. GM's $232, posted in late August, was 2 percent. Ford's breaks down into $216 on base vehicles and $38 on options. The GM breakout is $180 and $52.

Both companies' increases were rather moderate in comparison with those of the late '70s and the first couple years of the '80s, but they gave rise to a nagging question: Is this the end?

That question must remain unanswered. The manufacturers won't talk about what prices may be two, three or four months from now. They won't even talk about what prices may be tomorrow morning.

In announcing their hikes, both Ford and GM used the method most advantageous to the factories. They compared '84s and '83s on a comparably equipped basis.

This means that they adjusted the prices of the '83s to reflect equipment additions or deletions. A straight sticker-to-sticker comparison would have meant larger increases than those announced.

• Ford Motor also revised its dealer discounts on some models. All Ford EXP and Mustang and Mercury Capri cars now carry a 15 percent discount (before holdback). For '83, it was 12 percent on the base model and 16 percent on others.

For Ford Escort and Mercury Lynx, the '84 dealer discounts are 12 percent on the base model and 15 percent on others. For '83, they were 12 and 16.

There were no changes in destination charges for '84.

Ford's biggest increases were on its larger cars.

Starting at the bottom of the list with the subcompacts, the price leader in the Escort line is $5,629 for '84, down $10 from '83 (no equipment adjustment). Lynx starts at $5,758, up $7. A diesel engine for Escort is $558 and includes five-speed transmission.

The new Mustang SVO, a high-performance model, is $15,596.

At $11,849, the Mustang LX

Continued on Page 38, Col. 5

Total is up 23 percent from year-ago period

Sept. 1-10 sales climb to 132,333

By Jenny L. King
Staff Writer

Domestic new-car sales continued the numbers climb underway since February with a 23.19-percent increase during the Sept. 1-10 period. The total, interestingly enough, was third lowest for any period in 1983 and was one of the lesser sums reported for the historically erratic early September period.

But steady growth prevailed and the year-to-date total was 17.87 percent ahead of 1982 and surpassed Jan. 1-Sept. 10, 1981, by 16,469 units. Annualized sales based on the most recent numbers figured to 6,846,000.

For the early-September period, 132,333 new cars were delivered, up 23.19 percent from 107,423 in 1982. In '81 same period sales reached 151,281; over the years they have ranged from 78,931 (1961) to 190,493 (1955). The close of the model year and loss of a selling day due to Labor Day have traditionally kept sales repressed in early September.

General Motors was up 16.62 percent, to 76,835 from 65,883 last year. Ford Motor Co. was up 28.93 percent, to 32,865 from 25,491. Chrysler sales of 15,351 were up 19.44 percent over 12,853 the preceding year.

American Motors released a sales estimate of 4,200, up 180 percent from the year-ago estimate of 1,500. Volkswagen sales dropped 28.01 percent, to 1,221 from 1,696, while Honda again surpassed VW with its sum of 1,861 sales.

GM's share of the domestic market was 58.06 percent, down from 61.33 percent in 1982. Ford climbed to 23.84 percent from 23.73 percent. Chrysler's 11.60 percent was a move down from 11.96 percent. AMC earned 3.17 percent compared with 1.40 percent; VW had 0.92 percent compared with 1.58 percent, and Honda captured 1.41 percent with no year-ago share.

Chevrolet was the only GM make to miss year-ago sales levels. Chevrolet was down 1.24 percent while Cadillac was up 47.30 percent, Oldsmobile was up 29.88 percent, Buick was up 27.43 percent and Pontiac was up 15.44 percent.

At Ford Motor Co., Ford was up 27.51 percent, Mercury was up 29.95 percent and Lincoln was up 37.88 percent. Chrysler was up 29.72 percent, Plymouth was up 5.65 percent and Dodge was up 24.34 percent while Imperial dealers, selling out the few cars remaining in stock, sold an estimated 10 units for a 68.75-percent drop.

AMC products dropped 53.33 percent and U. S.-built Renault cars had no year-ago comparisons. VW was down 28.01 percent, and Honda is new in 1983.

With eight selling days in the period both this year and last, the daily rates were 16,542 vs. 13,428, up 23.19 percent this year.

DOMESTIC SALES

	Sept. 1-10, 1983	Sept. 1-10, 1982
Renault Alliance	3,500†	.....
AMC	700†	1,500†
AMERICAN MOTORS	4,200†	1,500†
Chrysler	4,998	3,853
Imperial	10†	32†
Plymouth	4,566	4,322
Dodge	5,777	4,646
CHRYSLER CORP.	15,351	12,853
Ford	21,477	16,843
Mercury	8,778	6,755
Lincoln	2,610	1,893
FORD MOTOR	32,865	25,491
Buick	16,604	13,030
Cadillac	6,057	4,112
Chevrolet	24,984	25,297
Oldsmobile	19,128	14,728
Pontiac	10,062	8,716
GENERAL MOTORS	76,835	65,883
VOLKSWAGEN	1,221	1,696
HONDA	1,861	.....
U. S. INDUSTRY TOTAL	132,333	107,423

† Estimate

GM seeking dismissal of X-car charges

By Helen Kahn
Washington Bureau Chief

WASHINGTON. — General Motors has asked the federal court in Washington to dismiss all charges of safety-related brake defects in over a million 1980 and later GM X-body cars.

GM argued that NHTSA must first make a final determination of defect through its own agency procedures before it can take GM to court.

GM said the company has not decided there is a "safety-related defect" and so therefore cannot have violated the safety law by failing to report one to the government.

GM added that nothing in that law says a company must determine whether earlier recalls made (two in the case of brakes and X-body cars) have been adequate. The burden of proof, said GM, lies with the government unless the maker volunteers to recall and correct.

The GM action followed the government's move for summary judgment. The grounds for that move, however, are in a brief sealed under court order. The government took this move until some settlement is reached with GM about the stamp of confidentiality it has imposed on its subpenaed documents.

While the court knows the basis of each side's arguments—one confidential and the other under seal—the public has no way of judging at present.

NHTSA decided to short-circuit its own process in an effort to expedite the legal process and get cars with what it considers dangerous brakes off the road.

The case also involves—for the first time in the 15-year history of the agency—a government charge that GM failed to provide complete and accurate data to NHTSA in at least 18 instances. More than $4 million in fines is sought. GM denied these allegations earlier.

Local-content bill moves closer to House approval

WASHINGTON.—The UAW's local-content bill moved one step closer to House approval last week, even though the measure was reported unfavorably by a House trade subcommittee by a 10-3 margin.

The same House subcommittee also voted a unanimous thumbs up on the Senate-originated "reciprocity bill" which is considered a domestic-content-bill alternative.

That measure has strong Senate backing and relatively little House opposition. Its relatively weak provisions require the creation of trade study panels and policy programs, particularly in the service and hi-tech areas of the economy.

It also directs the President to consider the treatment of U. S. exports by foreign governments when setting U. S. trade policy.

Both bills will now be considered by the House Ways and Means Committee, where the domestic-content measure faces certain approval and the reciprocity bill is also expected to pass with some revision.

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59th year — No. 4987

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Built to heavy-truck specs

IVECO Trucks of North America, Inc., said the diesel engine and chassis of the 1984 IVECO/Magirus cabover are built to heavy-duty specifications. It has a 100,000-mile/24-month warranty.

truck industry news

'84 Magirus combines city, highway features

BLUE BELL, Pa. — IVECO Trucks of North America, Inc., has introduced the 1984 Class 7 Magirus cabover truck which it said combines the features of a highway and city truck.

The new vehicle, the 160A13-FL, will carry the IVECO nameplate as well as the firm's 100,-000-mile / 24 - month warranty, according to James R. Bostic, president, IVECO/North America.

"Although the 13FL is a medium-duty truck, its diesel engine and chassis are built to heavy-duty specifications," he said.

The 1984 model is powered by a 494-cubic-inch, water-cooled, fuel-injected six-cylinder diesel rated at 160 HP and is equipped with an air - over - hydraulic braking system.

Bostic said the vehicle has a GVW rating of 29,800 pounds, with a chassis length of 165.4 inches that will accommodate body lengths up to 20 feet. It has a five-speed transmission and a single-speed rear axle.

Standard features, which the company said increase performance and reduce maintenance, include:

Engine brake — acting on the exhaust and operated by foot to reduce brake wear, especially on downgrades.

A 52-degree tilt cab to ease maintenance.

Extra suspension — progressively acting, half elliptical leaf springs on front and rear, front shock absorbers and rear stabilizer bar.

Overhead intake for dry-type air cleaner to reduce the amount of dirt drawn into the system.

$150 million offered to enforce safety

WASHINGTON. — States could obtain up to $150 million through 1988 under a federal grant program for the enforcement of truck and bus safety. It is slated to start next month, with $18 million appropriated for fiscal 1984.

Transportation Secretary Elizabeth Dole said the program is aimed at reducing highway fatalities, injuries and property damage resulting from commercial bus and truck accidents.

Increases achieved in all 3 market segments

August sales hit four-year high

Retail sales of new trucks of all types in the U. S. in August were the highest for that month since 1979, with increases over a year ago in all three market segments.

During the month, according to preliminary manufacturer and distributor reports, franchised dealers and factory outlets retailed 252,606 vehicles, an increase of 36.7 percent over the year-ago 184,836 units. In August, 1979, the total was 290,-733.

Calendar-year sales topped the two-million mark in the last week of August, about five weeks earlier than a year ago.

Sales through August totaled 2,006,368 units, up 16.6 percent over the year-earlier 1,721,050, with higher totals this year in two of the three market segments.

For the first time this year, sales of the Japanese-built compact pickups were higher than the domestics in August, 56,052 versus 46,448.

The import total was 50.7 percent higher than the 37,197 units sold in the same month a year ago, while the domestics were up 73.6 percent from last year's 26,760 units.

Total compact-truck sales in August topped the 100,000 mark for the second time this year. Dealers sold 102,500 units, up 60.3 percent from the year-ago 63,957. In June, sales totaled 100,744 units.

• The eight-month count was 710,252 units, an increase of 42.3 percent over the year-ago 499,-158. The domestics' share was 56.4 percent on 400,509 sales, up 67.3 percent over last year's 239,396. Import sales totaled 309,743 units, 19.2 percent higher than the year-ago 259,762.

Light-truck sales through August totaled 1,885,668 vehicles, an increase of 18.6 percent over the year-earlier 1,590,286. Medium trucks were up 2.3 percent to 32,606 units, compared with 31,870 a year ago. Heavies were off 10.1 percent, from 98,-894 units in 1982 to 88,094.

In August, retail outlets sold 236,429 light trucks, an increase of 38.4 percent over the year-earlier 170,848. Mediums were up 23.1 percent to 4,751 units, compared with 3,359 in the same month a year ago.

For the first time since April, 1981, sales of heavy trucks showed a year-to-year increase in August. During the month, dealers retailed 11,426 Classes 7 and 8 trucks, a gain of 12.8 percent over last year's 10,129.

At the end of August, the number of unsold trucks in retailers' hands was down considerably from the same time in 1982. The total was 509,482 units, off 18 percent from the year-ago 621,651.

On Sept. 1, there were 474,-

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SAE truck/bus parley to draw top executives

CLEVELAND. — More than 200 top executives from the truck and bus industry will explore the theme, "Commercial Vehicle Technology — Dimensions for Tomorrow," at the ninth annual SAE truck & bus meeting Nov. 7-10 at Stouffer's Inn-on-the-Square here.

The four-day program will feature keynote addresses by leading industry executives and more than 25 half-day technical sessions devoted to such topics as electronics, brakes, drivetrains, fuel economy, and bus and light-truck operation.

In addition, a truck and bus exposition will have more than 30 exhibitors on 4,500-square-feet of floor space. The latest technology for trucks and buses will be exhibited.

Donald J. Atwood, vice president, General Motors Truck & Bus Group, will speak on "Commercial Vehicle Requirements for the Future," on Monday, Nov. 7 at 9 a.m.

The annual Blue Ribbon Panel, a truck and bus meeting tradition, will feature four industry executives who will explore the future of commercial vehicle technology. Ruben F. Mettler, chairman, TRW Inc., will serve as panel moderator. He also is general chairman of the 1983 meeting.

• Panelists scheduled to appear are Donald D. Lennox, chairman, International Harvester, representing the engine industry; Charles R. Marcoux, president, Leaseway Transportation Corp., representing truck users; Gerald B. Mitchell, chairman, Dana Corp., representing a component supplier, and Jack B. Curcio, president, Mack Trucks, Inc., representing truck original-equipment manufacturers.

The panel was organized by Dean Stanley, vice president, IH Truck Engineering Group.

Lee L. Morgan, chairman, Caterpillar Tractor Co., will be the featured speaker at the annual banquet Nov. 9. Dr. Mettler will serve as toastmaster.

Technical sessions planned for the meeting include: Nov. 7 — Electronics, brake compatibility, Class 6 7 transmissions, effect of powertrain optimization on the engine and GMC Astro; Nov. 8 — Retarders, light trucks, fuel economy and coaches; Nov. 9 — Cold-weather operations, friction materials, shift controls and body design; Nov. 10 — New U. S. weight-and-length laws, seals, vehicle handling and tires.

Rockwell to open plant near Ford Louisville

TROY, Mich. — Rockwell International has announced plans to assemble and finish fiberglass reinforced plastic hood and fender assemblies for medium and heavy Ford trucks in a new facility to be opened in the Louisville area.

The plant, which is expected to start production late in 1983, will be in a building adjacent to the Ford Kentucky Truck Plant near Louisville.

George L. Levy, vice president and general manager of Rockwell's Plastic Products Business, said "the proximity of the plant to the customer will implement our plans for 'just-in-time' delivery. This will tighten our communications lines considerably, shorten transportation requirements and reduce inventories."

Just-in-time delivery of parts for final vehicle assembly is viewed by the automotive industry generally as being highly desirable in its current efforts to achieve optimum productivity in manufacturing operations.

Carl G. Roth, Ford's manager of Truck Manufacturing Operations, hailed the Rockwell move.

"We're extremely pleased to see another major supplier to Ford Motor Co. locate close to our heavy-truck operations in Louisville," he said.

"As vehicle manufacturers accelerate their programs to further reduce parts inventories, I'm sure that more and more suppliers will follow this line of action," he added.

Levy noted that Rockwell, a

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General gets milestone U. S. Nissan

The first American-built Nissan pickup truck delivered in Ohio was purchased from Laughlin Motors, Canton, O., by General Tire & Rubber Co., a prime tire supplier to Nissan Motor Mfg. Co., Smyrna, Tenn. Discussing the truck's features are Marv Laughlin, left, the dealer, and John Kelley Jr., General's tire-development vice president.

Harvester offers economy version of DT-466C diesel

CHICAGO. — A new, 165-HP version of its DT-466C turbocharged, in-line, six-cylinder medium diesel engine has been announced by International Harvester's Engine Division.

George D. Aravosis, vice president-marketing, sales and product planning for International Engines, said the 165-HP DT-446C is rated for maximum fuel efficiency while retaining the premium features not found in other domestic medium diesel engines, such as induction-hardened cylinder bores, plateau-honed for superior oil control and long life.

"These engines are targeted expressly for 'fleet buyers' trucks," he said. "At 2,400 RPM, they are designed to improve fuel economy without a corresponding decrease in average speed and overall trip time for city pick up and delivery operations. They are particularly suitable for lease-truck applications."

Aravosis detailed the DT-466C design features, including replaceable valve-seat inserts and valve guides, oil-cooled pistons, and a regrindable induction-hardened crankshaft with hardened fillets and journals.

The engine's 466 cubic inch displacement (1.6 liters) has a 4.30-inch bore and a 5.35-inch

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